THE CHINA WEEKLY

REVIEW

Devoted to the Economic, Political and Social Development of China and its Intercourse with Other Nations

China's Exchange and Bullion Market for 1926

By E. Kann

Congress Debates The China Question

What Lloyd George Thinks About it!

U. S. is China's Best Peanut Customer

By George W. Missemer

A New Standard for China Silk

By Paul K. Whang

密勒氏評論報

SATURDAY, MARCH 12, 1927

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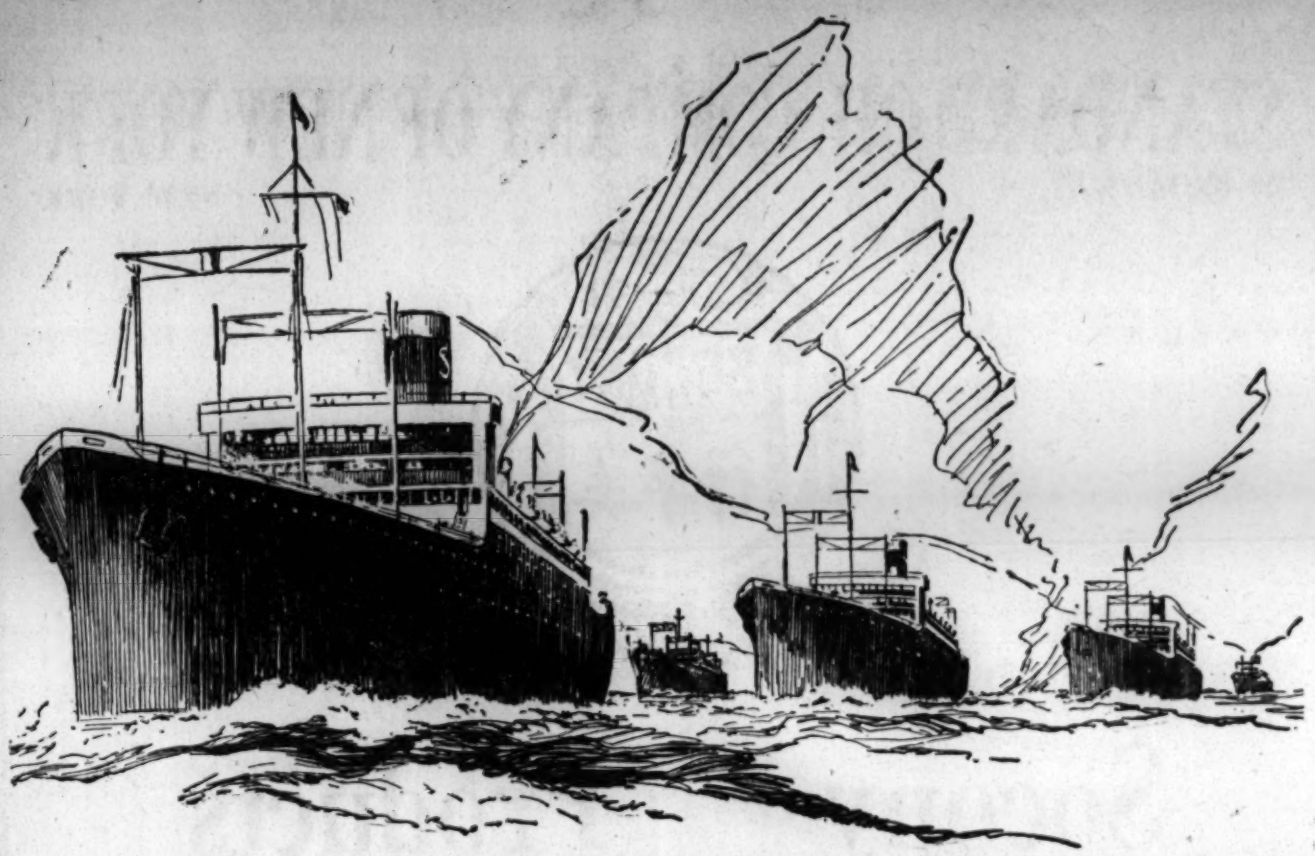

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WHAT IS LIKELY TO HAPPEN NEXT AT SHANGHAI?

ONE IS OFTEN told that 'only a fool would attempt to forecast what is likely to happen in China!, While not desiring that appellation, the writer, however, ventures the following as a possibility in the development of the Chinese political situation in respect to Shanghai. First, to state briefly what has already happened, Great Britain has made a deal with the Nationalist Government in respect to the future status of the British Concessions in Hankow and Kiukiang. This agreement provides that in future these Concessions are to be administered by a Sino-British Commission or Administrative Bureau, half the members of which are to be Chinese, with a Chinese chairman appointed by the Nationalist Government. While the negotiations were proceeding in respect to the British Concessions in Hankow and Kiukiang, the British Minister in Peking voluntarily made a similar offer to the Peking Government in respect to the British Concession at Tientsin. Since, according to Mr. Chamberlain's statement these questions are to be settled to the satisfaction of the local authorities concerned, it is to be assumed that the arrangement at Tientsin will in general follow the arrangement made at Hankow, for it is yet to be proved that the Northern Chinese are essentially any different from the Cantonese when it comes to the matter of getting back the 'lost' rights and territories.

NOW, WE COME to Shanghai, the International Settlement of Shanghai! As these paragraphs are written the Chinese political situation in the adjacent Chinese areas is somewhat muddled. The Cantonese Nationalists have occupied Chekiang Province to the south of Shanghai and are rapidly driving the Northern militarists out of Kiangsu. It is possible that the Northern militarists may be able to slow-up the Cantonese 'steam-roller' but it doesn't seem probable, for as we write the Cantonese forces are attacking Gen. Chang Chung-chang all along the railway from Soochow, a short distance north of Shanghai, to Pengpu in Anhwei Province, a distance of approximately 250 miles. General Chantg might be able to defend himself were it not for ehe fact that much of this railway runs through territory which is controlled by forces which are hostile to him, notably, Anhwei Province where Gen. Chen Tiao-yuen, the tupan has just delivered a general denunciation of Fengtien and has announced his affiliation with Gen. Chiang Kai-shek, the Cantonese military leader. Therefore, on the face of things, the Cantonese, or their allies should be in control of most of Kiangsu within a comparatively brief period of time. There are rumors of disunity in the Southern ranks, but the chances are they will maintain some kind of united front at least until

Kiangsu has been captured, the reason for this being that possession of Kiangsu is vital to the success of the Nationalist movement. Political parties usually stick together when there is prospect of victory, so we are assuming that elements of discord will be kept buried, at least until the major victory has been won. What happens after that may be another story, but as the thing looks today, the Cantonese will shortly be in control of the territory about Shanghai and possibly all of Kiangsu south of the Yangtsze.

WE DO NOT suppose there is anyone outside of the inner circle of the Nationalist Government at Hankow who knows what methods will be pursued in respect to Shanghai, after the Nationalist armies have taken over this area, but since one guess is as good as another, common sense would seem to dictate that the Nationalists would not attempt to use forceful methods here, the reason being that they do not wish further foreign complications, more than sufficient of which have already been piled up. Therefore, it is to be assumed that the Nationalists, possibly through Mr. Eugene Chen, Minister of Foreign Affairs, will come down to Shanghai and enter into communication with the Consular Body, or possibly with the British Consul-General, Sir Sidney Barton, alone, in view of the fact that the major foreign interest in the International Settlement is British. In view of the fact that the Settlement is 'international' an attempt may be made to side-step the issue here on that score, but after all it is what the British say and finally do, that will determine the Shanghai issue, for pressure will be brought to bear to bring the other Powers into line. Now, as stated previously, we have no way of knowing what the Nationalists have in mind and likewise we have no way of knowing what the foreign Powers have in mind. It is quite possible that the only Power which does know its own mind is Great Britain. From the standpoint of the United States, Secretary Kellogg announced in connection with his abortive 'neutralization' scheme that the United States 'was willing to face the issue of changing the status of the International Settlement to the extent of providing for Chinese representation upon the administrative body. As for the Japanese, it is possible that their action will be guided by circumstances, but in the long run they probably will be found on the side of the Chinese for that accords with their 'friendship' policy. They have followed this policy since the Washington Conference and there have been no recent indications of change.

IN ORDER to have a clear knowledge of the Shanghai situation from the standpoint of the Chinese demands for participation in the government of the foreign area, it is necessary to review briefly the events of the past five or six years. The first Chinese demand for representation on the Shanghai Municipal Council was made officially about six years ago when a proposal along this line was put forward at one of the annual meetings of rate-payers. The Chinese at that time, if we remember correctly, asked for three seats on the Municipal Council. This proposal, when brought up at the annual rate-payers' meeting was definitely turned down, Sir Edward Pearce, the then chairman of the Council, speaking against it. However, shortly after that the Council made a slight concession by offering the Chinese an advisory committee of five. The Chinese finally accepted this proposal and elected a committee of five for this purpose. The election was made through the Chinese Rate-payers' Association, an organization of Chinese residents of the Settlement numbering more than 2,000 who possess voting qualifications similar to those of the foreign rate-payers. This Advisory Committee, however, proved unsuccessful, the Chinese claiming that their advice was never asked and aside from the occasion of a few formal dinners, they never got together with the Municipal Council. In 1925, following the May 30 incidents the Chinese Advisory Committee resigned in a body and shortly following that the foreign rate-payers, at their annual meeting unanimously approved of a resolution *granting* the Chinese three places on the Council. The Chinese have never accepted these three places, their announced reason being that they have been unable to obtain any statement or guarantee from the Council regarding the responsibility of their positions. The latest move in the game from the Chinese side was the presentation to the Consular Body on Feb. 19 last of an official 'demand' stating in effect that the Chinese Rate-payers' Association, "having received from the Commissioner of Foreign Affairs, a letter stating that he (the Commissioner) had received a letter from Mr. E. S. Cunningham, dean of the Consular Body, stating that the foreign rate-payers had adopted a resolution approving the appointment of three Chinese to the Municipal Council. In view of this action Mr. Cunningham, the American Consul-General, had suggested to the Commissioner of Foreign Affairs that arrangements be made for carrying out the proposal. The Chinese Rate-payers' Association, on receipt of this communication from Mr. Cunningham, had made a careful study of the situation and were of opinion that the proposal of the foreign rate-payers was contrary to the basic principles of taxation without proper representation. Therefore, 'in view of the recent proposal of Sir Austen Chamberlain, Minister for Foreign Affairs of Great Britain that the foreign concession in China were to be returned to Chinese control' and in order to meet the present emergency and look after the welfare of the large Chinese population in the Settlement during the necessary period of delay for negotiations between the Chinese Government and the foreign governments concerned, the Chinese Rate-payers Association proposed: That the Consular Body, on behalf of the Shanghai Municipal Council, 'accept the appointment of nine Chinese (names given) with a view to providing a means of cooperation between the Municipal Council and the Chinese interests in the Settlement, in order that, through actual participation of the Chinese in the administration of the Settlement, a better understanding between all interests concerned, may be brought about. "It is understood that neither the Consular Body nor the Shanghai Municipal Council has replied to this communication, hence the matter rests at that point.

NOW WE arrive again at the fundamental question of Chinese participation in the administration of the International Settlement, the foreign population of which is approximately 40,000 (20,000 Europeans and 20,000 Japanese), and the Chinese population of which is approximately 1,000,000. Although accurate figures showing the proportion of taxes paid have never been published, it is commonly reported that the Chinese pay from 80 to 90 percent of the taxes toward the upkeep of the Municipal Government. In view of the actual record, it is absolutely correct to state that, after several years of futile negotiation, it must be admitted that the foreigners and Chinese have absolutely failed to solve this question of representation. The Diplomatic Corps at Peking, following an investiga-

tion by a 'Diplomatic Commission' in 1925, after the May 30 troubles, recommended that the Shanghai Municipal Council be dissolved and that the administration of the Settlement be handed over to a Commission appointed by the Consular Body. But the Shanghai Municipal Council was able to defeat this proposal in 1925 by maintaining that the Shanghai Municipal Council was responsible only to the foreign ratepayers who elect them. Owing to the fact that the British Minister in Peking upheld this viewpoint, the so-called 'Latin bloc' on the Diplomatic Commission, resigned and refused to have anything further to do with the Shanghai question. The only change which has taken place in the administration of the Settlement since that time has been the election of an additional Japanese and the dropping of one British member of the Council, the present line-up being: Five British, two Japanese, two Americans—and no Chinese! It would be expecting a great deal to imagine that the Powers will continue to permit this Shanghai question to remain a permanent source of friction with China. And the other hand, it would also be expecting a great deal more to suppose that 'nationalist' China will continue to permit the foreigners to control Shanghai exclusively. Therefore, in view of the fact that the British Government in its dealings with the Nationalists at Hankow has set an important precedent in regard to the future status of the Settlements and Concessions, it should be perfectly correct to assume that a readjustment will have to be made here. In view of the fact that the Chinese have been all split up in factional fighting it has been a comparatively easy matter for the foreigners to oppose the Chinese demands for representation, but now that the Chinese are rapidly becoming unified on the question, the fundamental issue can no longer be side-stepped.

THE EFFECT OF THE ECONOMIC ELEMENT

MR. PUTNAM WEALE, novelist and writer on Chinese questions who has served in an advisory capacity with the Peking Government for many years was in Shanghai last week on his way to Hankow—to investigate the situation in that city. While Mr. Weale was in Shanghai he delivered an address before the Shanghai Rotary Club on the subject, "The Economic Element in the Revolution," making the point that the Chinese revolution has now reached the point in its development where the question of economics has become of more importance than the political element. Mr. Weale meant by this statement that the political phases of the revolution may now slow down because they have come into conflict with the economic elements, or to put it another way, the revolution has reached a point where it has begun to pinch the pocket-books of the Chinese merchants and property owners. Hence, the Chinese merchants are, from now on, likely to become less enthusiastic over the cause of Chinese political and national independence. The causes for this, in Mr. Weale's opinion, are many, but the chief one is that the revolution has brought in a lot of new theories which are beginning to upset Chinese money and property values. Therefore, in view of this situation the Chinese bankers, merchants, land-owners, controllers of distribution, are likely, at least in Mr. Weale's opinion, to call a halt now and attempt to bring about a compromise, not only in the internal situation, but also in the external revolution. The presence of the British troops in China, according to Mr. Weale, would be to produce a stabilizing effect, thus enabling the conservative elements in the Chinese body politic, to regain their feet and effect compromises, the general result leading to a return to normalcy both internally and externally.

MR. WEALE is probably correct in his appraisal of the revolution for there are many elements in the present situation which indicate that politics is now in deadly conflict with economics, but it is extremely doubtful whether the economic element will be able to stop the revolution. There are many tendencies in the present Nationalist Party which indicate that the struggle between politics and economics, otherwise, the struggle between liberty and property, is on. We are beginning to hear more and more about the 'Right' and 'Left' wings of the Kuomintang, otherwise the conservative and radical elements in the aggregation of politicians and militarists who make up what is now known as the 'Nationalist' Government. Of course there is no strict division between the two groups, some of the members being classed as both radicals and conservatives, and in addition to those who are actually participating in the movement as officials there are a great number of others out of office, but who still consider themselves to be members of the party. Thus do we have the 'Communists,' the 'middle-group,' the 'extreme rights,' 'extreme lefts' and so on. The struggle at present seems to be between the 'rights' or conservatives and the Communists, the moderates being represented by Gen. Chiang Kai-shek and the Communists by George Hsu Chien. The Rights at the present are apparently favorable to the taking into the party of the younger class of militarists and politicians who were formerly affiliated with the Chihli or Wu Pei-fu-Tsao Kun Party, while the Communists are violently opposed to this and favor a war against militarism to the bitter end and the establishment, if necessary, of a communist regime in China. The Rights, from the standpoint of dealing with the foreigners, favor a policy of compromise, or 'slow' recovery of national rights, while the Communists would use direct methods, such as the strike, boycott and even military force to dislodge the foreigners from their special privileges. Mr. Eugene Chen, the Nationalist Foreign Minister occupies a sort of middle position and at least up to the signing of the British agreement at Hankow, was able to enjoy the support of both sides. From a territorial standpoint, the radical or Communist wing of the party, is now pretty well established in Hunan Province, but largely owing to the 'autocratic' methods of Gen. Chiang Kai-shek, has been prevented from gaining a foothold in Kiangsi Province. Gen. Chiang has also been able to limit the activities of the radicals in Kwangtung Province.

THE RADICALS or Communists derive their main strength from the students and the labor-unions, while Gen. Chiang Kai-shek is being supported more and more by the merchants and propertied interests. One interesting phase of the struggle is now observable in connection with the activities of Gen. Li Pao-chen the Shanghai defence commissioner who was formerly a subordinate of Marshal Sun Chuan-fang. Since the passing of Sun Chuan-fang, Gen. Li has been trying to get into the Nationalist Party, and according to report, Gen. Chiang Kai-shek, has agreed to take him in, but there is the very devil to pay with the radical Kuomintangists at Shanghai who hate Gen. Li, because he is an old-style militarist first, but of more importance even than that is the deepest kind of personal animosity against Gen. Li because of his 'head-cutting'

activities a short time ago. It is even rumored that the Conservative Kuomintangists were not altogether displeased at Gen. Li's bloody rampage because it struck at the power, as well as the heads, of the radical or communist wing of the party. According to the news reports from Hankow, the Central Executive Committee of the Nationalist Government is now holding a general meeting, the purpose of which is to thrash out the differences between the radicals and conservatives. Gen. Chiang Kai-shek is not attending the meeting, but he has powerful representatives present and there is likely to be a lot of inside battling before the question of future procedure is settled—if it can be settled. Mr. George Hsu Chien has already declared, according to the news reports, that Chiang Kai-shek is an autocrat and Gen. Chiang has retaliated that he is doing his duty as he sees it and if his opponents are not satisfied with his methods they 'may arrest him and shoot him to death.' Thus, as Putnam Weale stated, the political and economic phases of the revolution are in conflict and the results are likely to be far-reaching.

THEY ARE LIKELY to be far-reaching not only from an internal standpoint, but also from the standpoint of foreign interests. Foreigners, generally speaking, prefer the Right or conservative wing of the party, chiefly due to the fact that when it comes to compromise or peaceful negotiation they, the foreigners, usually come out on top. This may have its temporary benefits, but from a general standpoint it has had the effect of discrediting the foreigners' best friends, otherwise the Conservatives. In China as well as elsewhere politicians are judged by their accomplishments. We hear the Chinese judging Wang and Koo and Sze and Chen, and Chu and Chang and Sun and Wu and the rest of them in terms of what they have accomplished. Well, if Wang was unsuccessful in an important diplomatic struggle with a foreign power over some question, he is naturally discredited and is likely to lose the support of his public. He is held up to ridicule among his own people on the ground that he is 'pro-foreign' and is probably lucky if he is not actually called a traitor. Thus Wang's usefulness as a politician may be considerably lessened, and this, despite the fact that he may have done everything humanly possible to accomplish a great benefit for his country. The general effect is to discredit all of the conservatives and strengthen the hands of the radicals who always insist that the only way to deal with a situation is by direct action, otherwise through the use of force. Thus, the stubbornness of the foreigners in refusing to grant reforms has had the general effect of constantly making China more radical and more determined to gain her ends by forceful methods.

MR. GAUSS TO 'CARRY ON' AT SHANGHAI

ACCORDING to recent word from Washington, Mr. E. S. Cunningham American Consul-General at Shanghai, who has been home on leave has been called back to Washington for service at the State Department and Mr. Clarence E. Gauss has been instructed to 'carry on' at Shanghai indefinitely. Americans, while regretting that Mr. Cunningham is not returning, are glad nevertheless that he is to be available at Washington for his valuable advice in respect to policy in connection with the present situation. On the other hand, in view of the fact that Mr. Cunningham is not returning, the American community at Shanghai is particularly fortunate in having the services of Mr. Gauss in this trying

Mr. Gauss

period. Mr. Gauss has the honor of being the youngest Consul-General of his class in the entire American Foreign Service, a matter of very great importance at this particular time because youth is a very great asset in the present situation. We do not mean to suggest that Mr. Gauss is a 'mere youth' for he was born in 1886, but we do mean that his experience in China has been such as to fit him particularly for his present job of appraising the present China situation in terms of present-day development, rather than in terms of pre-Boxer days, a common failing of the 'old China hands.' The break-up of China and practical disappearance of the Central Government at Peking has had the effect of enhancing the importance of the Consuls. The Diplomatic Body at Peking, due to the changed circumstances, has become of much less importance from the standpoint of looking after and protecting foreign interests, than the consuls located at strategic points throughout the country. Ministers in Peking may continue to send notes to phantom governments, but it is the Consul in Hankow, Shanghai, Canton, Tientsin, Chungking, Yunnanfu, Foochow and elsewhere, who has the personal contact and who is really *representing* his government and placing it on a proper footing with the Chinese who are actually in control of the country.

Porter Resolution Failed to Pass Senate

According to a dispatch received by *The Review* from its Washington correspondent on March 5, the Senate failed to take action on the Porter Resolution which was approved some time ago by the House of Representatives with a vote of 259 to 44. According to the report, a filibuster in the Senate during the closing hours of the session, prevented the Porter Resolution from coming to a vote. The same dispatch stated that owing to the closing of Congress it was expected that the United States Government would adopt a more 'vigorous' policy in respect to foreign affairs in the future.

The Porter Resolution provided for the United States Government to draft a new treaty with China on a reciprocal and equal basis replacing the present Sino-American Treaty covering Extraterritoriality and Customs Control.

In addition to the Porter Resolution, another measure of interest in China, providing for the appointment of delegates to negotiate a new treaty between China and America, also failed of passage in the last days of the session. This measure which was introduced by Congressman Somers of New York was as follows:

"*Resolved by the House of Representative* (*the Senate concurring*), That it is the sense of the Congress that the President should forthwith appoint a delegation (including a Senator and a Representative) which shall be charged with the duty of conferring with delegates of the Republic of China for the purpose of negotiating a treaty or treaties, or in the event that the two accredited factions of the Republic of China (the Canton and Pekin governments) fail to agree upon the personnel of the Chinese delegation to such conference, with the representatives of each such faction for such purpose."

China's Bullion and Exchange Market for 1926

BY E. KANN

Member Shanghai Exchange Brokers Association

THE SILVER MARKETS IN 1926

THE year 1926 was one of the most momentous periods for silver and deserves to be named together with the critical years in the career of the white metal, namely 1873, 1893, and 1921.

First Half-Year

All through the first semester of 1926 silver quotations remained remarkable steady at a level of slightly under 30½ pence in London and 66 cents on the New York market. The range of price fluctuations during that period was moderate, amounting to only 2. 5/8 pence. The world' production of silver during the first half year remained normal, namely about million ounces per mensem. Indian requirements proportionally kept in line with those of 1925, while silver imports into China exceeded those of the first 6 months of 1925 by about 10 million ounces. Due to incessant internal warfare in this country, and to the subsequent trade stagnation, the free movement of metallic money was prevented. In the course of the first half of 1926 the value of funds accumulated at Shanghai had increased by 25 million taels, and as requirements for financing legitimate trade became less, these excessive silver stocks began to weigh heavily on a weary market.

Indian Currency Bill

On August the recommandations of the Royal Indian Currency Commission were made public. Their effect on silver prices was disastrous causing a world-wide panic which steadily developed into a general stampede. From August onward there was a continous decline in the price of silver, lasting until October 20, when the lowest quotations for the year were recorded, namely 24. 1/8 pence in London, and 51. 1/8 cents in New York. From then onward, until the close of the year, the silver market made some faint attempts to regain its equilibrium, but with little success. Although further breaks were averted the tendency remained languid. Official quotations during November and December averaged 25.19 pence and 24 ¼ pence respectively. The average London price for bar silver for the second half 1926 was 26.96 pence, and in New York 58.27 cents. The difference between high and low, during the same period, amounted to 6.3/16 pence, or 14.5/8 cents per ounce.

All the World is Gloomy

The commercial deadlock in China, coupled with the very gloomy political outlook there, was merely adding fuel to the flames which were caused by the publication of the Indian Currency Report. The recommandations contained therein were misunderstood in some quarters, and the probable effects on silver misconstrued or exaggerated in others. Fright turned into panic which became contageous and which threatened to stop nowhere. London advices during many months remained ultra-pessimistic with regard to the future of silver, from the incurable misery of which the world was depicted to be in flight. Instead of attempting to stem the tide those who were supposed to be controlling the situation, namely the American silver producers,—lost heart and offered to sell at any price, thereby adding to the plight of the white metal. European countries abstained from new purchases, and France even sold silver derived from melted coin.

Mines Closing

In autumn some "straight" silver mines had to discontinue working, as market prices were below cost of production. The Mexican Government came to the aid of its mine owners by reducing or suspending the inland tax on silver. But as only one third of the world output is derived from dry ore, while the remaining two-thirds are obtained as by-product from other ores, such measures cannot create a lasting effect.

India Buys Again

It was probably the common people in India who saved the situation. Irrespective of the consequences of the recommandations contained in the Currency Report the Indian population resumed imports of silver in October and continued these with renewed vigour in November and December, when quantities imported condiderably exceeded these acquired during the 3 corresponding months of the previous year.

Embargo on Export of Dollars

Due to such unforseen demand good quantities of silver, originally destined for China, were diverted to India. Towards the close of the year many commercial places in China ordered silver supplies from Shanghai, with the result that during December the net outflow of money from this place amounted to nearly 10 million taels. A proclamation was then issued, placing an embargo on the export on account of the existing stringency of the local money market, but really to prevent the "enemy" from obtaining metallic money from Shanghai.

When the year closed the undertone of the silver market was still poor, but it was then generally thought that a further break was not likely to occur, unless new disturbing factors should enter the arena.

According to a preliminary estimate the world's production of silver in 1926 amounted to about 243 million troy ounces. If this figure proves to be correct, it would constitute the highest output for any one year on record. Figures relative to the production of silver during the preceding 10 years will be found tabulated in the Appendix.

PRECEDENTS FOR BREAKS IN SILVER PRICES.

Germany Sells Silver

Beginning from 1833 (from which year onward reliable statistical material is available), and for 40 successive years, the average price for bar silver remained at about 60 pence per standard ounce, corresponding to roughly U. S. $. 1. 30 per ounce fine. The first large decline was occasioned in 1873 when, upon the foundation of the German Empire, that country decided to unify its currency system. The programme included the demonetisation of its silver money. In the course of 6 years Germany sold about 85 million ounces of silver, resulting in a gradual decline of prices from a 59 pence level in 1873 to a 51 pence average in 1879 (U. S. $1.11). During the following 10 years silver prices receded gradually until they reached an average price of 43 pence for the year 1889.

India Gives Up Silver Standard

The next big break in silver prices took place in the period 1890—1911. The highest rate in 1890 was 54.⅜ pence; the lowest silver price in 1894 was 27 pence,—a decline of 50% within less than 5 years. The causes for this sensational drop were twofold. Firstly the closing of the Indian Government Mints to free coinage of silver. In 1893 this privilege was withdrawn, subsequent to the introduction in India of the gold-exchange standard in place of the hitherto existing silver standard. At practically the same time a second impetus came from the United States, where the Sherman Act had been in force for some time.

Sherman Act Abolished

According to its terms the Treasury was obliged to purchase 4,500,000 ounces of silver every month. The repeal of this law, in 1893, helped to weaken silver prices still further. The total world'—production of silver during that year was only 165 million ounces (as compared with 243 million ounces in 1926), but nevertheless there was a price difference between high and low of 11 ⅞ pence within one year.

A further decline in silver prices was experienced in 1902 and 1903, the priod following the Boxer Troubles in China. The lowest silver quotation witnessed during each of these two years was 21.11/16 pence per standard ounce. This figure constitutes the lowest record in history for silver prices. Average rates were 24.1/16 pence (53 cents) for 1902 and 24 ⅜ pence (54 cents) for 1903. The production preceding years.

Silver and Boxer Troubles

Searching for reasons in connection with what must be considered a phenomenal break, we venture to suggest the following factors as the principal causes: a) the imposition on China of the Boxer indemnity, amounting to 450 million Haikwan taels, plus interest. As remittances had to be effected in gold currencies this imposition constituted a distinctly weakening factor regarding the tendency of silver prices. b) the honest plan on the part of the Chinese Government to introduce the gold standard. c) the reduction of the buying power of the Chinese people following a lost war, and the poor trade outlook in consequence thereof.

From 1894 until 1916 silver prices remained at low levels, the lowest average quotation being those for 1909, namely 23.11/16 pence (51 cents). These figures represent a low record to this day.

World War Silver Prices

The World War was responsible for a phenomenal rise in the price of the white metal which, in 1920, had reached the high level of 89 ⅜ pence and which, in that particular year, average 61 ⅛ pence ($ 1.02). Already the following year showed a remarable break, the lowest quotation in 1921 being 30.5/8 pence (56 cents), and the average price for that year 36.⅞ pence (63 cents). At that period the value of the £ was much depreciated, as with the £ at gold parity, the English average quotation would have been expressed by 28 ⅜ pence,

Fineness of Coins Reduced

In 1920 a law was enacted in England, in terms of which the subsidiary silver coins circulating there were to be melted and reminted, but with the much reduced fineness of 0.500, in place of the hitherto accepted standard fineness of 0.925. Thereby a large quantity of silver was made available for sale, the amount being variously estimated at from 50 to 90 million ounces. Almost all European counties sold the bulk. of their silver coins during the closing years of the war and immediately thereafter, thus helping to keep prices down When they resumed coinage of subsidiary silver coins (in 1924) most of the countries concerned followed the example set by Great Britain by adopting 0.500 as the new standard fineness.

Cost of Mining Silver

The sudden break in silver prices in the autumn of 1926 has once more elicited the querry as to the cost of producing silver. In this connection it should be borne in mind that about two-thirds of the silver produced is obtained as by-product from gold-copper-zinc-lead ores; this means that world prices for silver are of secondary consideration, as it has to be produced if and when those metals are refined. The remainder (one-third) is obtained from "straight" silver mines. The larger mines of those whose ore is of high silver content, will be able to continue operations at a time when the smaller mining enterprises have to close down, in order to prevent losses. In other words it is not possible to indicate a figure which would reasonably represent the cost of obtaining one ounce of silver.

EFFECTS ON SILVER OF THE ROYAL CURRENCY COMMISSION'S REPORT.

India's Gold Exchange Standard

World prices for silver had kept remarkable steady during the first half of 1926 when, in July of that year, the publication of the Indian Currency Commission's Report changed the outlook, causing a heavy fall in the price of the white metal. Although India had abandoned the silver standard already in 1893 in favor of the gold-exchange standard, the country has to this day retained the use of silver for coinage and other purposes. India' Currency consists of silver rupees and banknotes which are mutually connvertible. Gold coins are at present not circulating there. The meaning of the gold-exchange standard was originally that the Government Treasury would on demand give a transfer on London at as near as possible the ratic of 15 rupees for 1 £, ie. 1s/4d equalled 1 rupee. In other words, the silver rupee as well as banknotes (both of which were unlimited legal tender) were not convertible into gold within India, but could be freely exchanged for foreign currency at the officially fixed ratic of 1s/4d.

Gold Bullion Standard

The new proposals of the Indian Currency Commission differ in their essentials from the original plan firstly by fixing the ratio at 1s/6d (1 £— Rps 13.333), and secondly by replacing the privilege of a transfer to London by the consent of the Treasury to hand over, upon request, gold bars, each weighing approximately 400 ounces, in exchange for rupees (value about 23,000 rupees per bar), the reform plan is known under the name of gold-bullion standard.

The principle objects of the new proposal, in the words of the Commission, are:—

Objects of the Proposals

1) To eliminate the threat to the currency inherent in the possibility of a rise in the price of silver by dethroning the rupee from its position as a standard coin with unlimited legal tender, and thus also to enable the constitution of the reserves to be simplified by eliminating the silver therefrom; and 2)" To cure the uneconomic habit of the people of holding the precious metal as a store of value, by assuring them, through the instrumentality of a gold currency, thyt the same measure which they mete out, in gold value, by way of investment or deposit with a bank, will be meted out to them again, in gold value.

Principal Points

The deeper meaning of the Currency Commission's recommandations is that, although silver rupees will continue to circulate with unlimited legal tender, the covertability of banknotes into minted rupees will cease as a matter of legal right. Nevertheless the conversion of notes into silver rupees will continue in practice. Secondly it is proposed to issue 1-rupee notes, with the intention that these should replace the silver coins to some extent. Furthermore, the silver holding in the Reserve should be substantially reduced during the transitional period of ten years. Gold coins should not be minted and gold should not circulate in the beginning, and need not circulate later on. The legal tender character of the Sterling is to be abolished. The new coinage of silver will necessarily have to be suspended for many years. The effects of the Commission's recommandation are likely to be shown in the cessation of silver imports for Government account, in the probable reduction of purchases for private account and the appearance of silver coins from hoards.

India's Silver Imports

Being primarily interested in the discussion of the probable effects which the recommandations of the Currency Commission might have on silver prices, we shall concern ourselves with the examination of the points contained in the foregoing paragraph. This can best be accomplished by referring to reliable statistical material. Since the abolishment of the silver standard, in 1893, until March 31, 1926, the termination of the fiscal year, net imports of silver, for Government as well as for private account, were as follows:

	Total in 33 years	Annual average
For Government account	840 million ounces	24½ million oz
„ private account	1047 „	„ 31¼ „ „

India Imports Also Gold

Out of these 33 years the Government has bought silver only in 12 years. Purchases have ceased in 1920 and are not likely to be resumed for many years to come. In spite of this fact India's net imports of silver, entirely for private account, during recent years, have averaged 100 million ounces per annum, showing conclusively that, given good crop results, the population of India is capable of absorbing more than one-third of the world's silver output. This in spite of the fact that, beside its acquisition of large silver stocks, the country has been importing (also for non-menetary purposes) over increasing quantities of gold. The value of gold imported into India in the course of 30 years (1895-1925) was £ 115 millions. During the same period silver worth £ 57 million was brought into the country. Always provided that the expansion in the prosperity of India will continue there is every reason to assume that her population will continue to absorb precious metals on a considerable scale, i. e. beside gold also silver, especially whenever the latter is cheap in price.

Silver Reserve

Under the recommandations of the Currency Commission the reserve of silver rupees is to be gradually reduced to a reasonable figure which latter is to be determined by the relation of banknotes actually in circulation to the total of minted rupees held by the Treasury. In order to determine the amount of silver which is liable to be sold by the Government within a period of 10 years one has to consider the figure which is finally to be retained as a minimum silver reserve, namely 25 crores of rupees (1 crore—10 million).

According to the Indian Currency returns the note circulation, at the close of 1926, was 182 crores of rupees, in round figures. There against were held in reserve 104 crores in silver coin and bullion, besides 22 ½ crores in gold. In the event of a reduction of the silver reserve to 25 crores there would remain for disposal 79 crores of rupees. The weight of silver contained in the rupee is 0.3438 fine ounces. The value of the rupee in U.S. money, based 1s/6d, is 36 cents. 79 crores = 790,000,000 rupees @ 0.3438—281,602,000 ounces.

Cost of Silver to Government

When the Indian Governement bought silver for coinage purposes, in the period 1900—1916, the annual average price during those partioular years when purchases were made, was 28.4 pence per standard ounce. On the other hand, those years, during the identical period, when no silver was bought by the Treasury, showed an annual average quotation of only 24.3 pence. In the period of 1917-1919 the Indian Government had to import huge quantities of silver, for which outrageously high prices had to be paid. It would therefore appear reasonable to anticipate that the Treasury would be losing heavily by throwing large quantities of silver on an unwilling market.

Large Sales Unlikely

Apart from this consideration the Government, by forcing the sale of its reserve silver stocks, would be destroying,-or at least reducing,-the value of the century-old savings of the Indian population. The authorities are fully aware that it is contrary to their own interests to depreciate silver to a noteworthy extent. Particularly the poorer classes, who have invested their savings in silver ornaments, would find their stores of value depreciated by possibly 50 % by any abrupt action on the part of the Government, and it is therefore more than probable that the latter will act with due regard to the interests of all those concerned.

IMPORTS AND EXPORTS OF BAR SILVER TO AND FROM SHANGHAI.

Origin & Destination of Silver

In the appendix will be found itemised tables, covering the period from 1922 to 1926 inclusive, and indicating the imports to and the exports from Shanghai of bar silver

Movements to and from other ports in China or Hongkong are not included in the tables. In analysing the figures contained in the tables we find the following sources of supply:

From	Year 1926		5 years 1922-1926	
United States	72,400 bars,	84%:	220,500 bars,	72%
Great Britain	10,700 „	12%:	65,600 „ ,	21%
Japan	3,200 „	4%:	6,600 „ ,	2%
Re-shipment, India, etc.	—	—:	14,400 „ ,	5%
Total	86,300 bars,	100%;	307,100 bars,	100%

In analysing the figures relating to the destination of the bar silver imported we obtain the following results:

To	Year 1926		5 years 1922-1926	
Mints at Nanking and Hangchow	41,400 bars,	47½%:	149,700 bars,	49%
Other provincial Mints	1,200 „ ,	1½%:	12,000 „ ,	4%
Converted into sycee. taels	32,700 „ ,	38 %:	127,700 „ ,	41%
Re-shipments to Bombay & London	11,000 „ ,	13 %:	17,700 „ ,	6%
Total	86,300 bars,	100%:	307,100 bars,	100%

Out of the bar silver landed in Shanghai during the past 5 years the following quantities were retained within the country:

1926	61,400 bars,	or about	64,400 000	ounces troy,
1925	62,300 „ ,	„	65,400,000	„ „ ,
1924	42,900 „ ,	„	45,000.000	„ „ ,
1923	70,300 „ ,	„	73,800,000	„ „ ,
1922	38,800 „ ,	„	40,700,000	„ „ .

Canton Mint's Activity.

These figures do not include direct shipments of bar silver from foreign countries to Hongkong/Canton. In recent years the Mint situated in the latter place was closed owing to lack of working capital and the insecure political situation in South China. Due to the World War there were no imports of bar silver to Canton in 1917 and 1918. The following three years, however, witnessed great activity on the part of the Mint which, in 1919 and 1920, produced 200 million 20-cent pieces per year, which quantity rose to 400 million coins in 1921. A large portion of the bar silver contained in those coins was brought direct to Hongkong/Canton. (The average weight of the Canton 20-cent piece is 5.40 grams, and the average fineness 0.650. Thus the content of pure silver should be 3.51 grams).

WHY DOES CHINA IMPORT SILVER?

China's Silver Net Imports

According to statistics compiled from Customs publications China's net imports of silver during the period from 1890 to 1925 inclusive are valued at Haikwan taels 413,155,-000.— Considering the last 10 years alone (1916 to 1925) the excess of China's silver imports over her exports was Haikwan taels 347,325.000, or an annual average of 34,733,000 taels. In view of the fact that China's trade balance has always been adverse this apparent anomaly requires elucidation. The same question has been raised and discussed in the writer's book *"The Currencies of China"* from which the following passages are quoted verbatim:

How Can China Import Silver?

"It may be justificatory to offset the net exports of gold from China, during the period of time under review, namely 92 million Haikwan taels in value. Even then there remains the respectable sum of about 321 million taels worth of imported silver to be accounted for. The import of specie generally is tantamount to the payment of goods bought from a given country, in excess of goods sold during the same span of time to the identical country. The excess of imports into China over exports varied during recent years between 100 and 300 million Haikwan taels. How then can the steady import of silver into China be logically explained?

Silver is Merchandise

Although it may sound somewhat strange, we venture to state that the import of precious metals into a country which does not produce those metals from its own mines, is synonymous in principle with the importation of cotton piece goods, of steel, of wheat,—of merchandise in general, China's continous imports of silver have to be viewed from this standpoint. It now remains to be explained how China's unfavorable trade balance is compensated for by her numerous branches of invisible exports.

China's Invisible Exports

Chinese emigrants domiciled in the United States, in the South Sea Islands, etc., have acquired considerable wealth, which is remitted to the home country for investment there. There is a continous stream of savings from overseas to China. estimated to amount to at least 200 million dollars each year. Then there are huge sums flowing into China, intended for the upkeep of Christian Missions, their schools and their hospitals, Diplomatic and Consular officials' expenditure also accounts for a respectable sum. Travellers from foreign lands likewise contribute towards the funds which are destined to transform China's apparent debit into a credit balance.

Foreign Investments

Loans obtained from foreign countries represent another source for silver imports. Investments within China on the part of foreigners are likewise a direct cause for silver imports. Such investments do not refer so much to bonds and shares, but with more effect to land, to industrial enterprises and to railway building. Japan, for instance, has during, the past 20 years invested enormous sums in China generally, and in Manchuria in particular.

Silver and Banknotes

Finally there remains another theory to be considered which has apparently not been published hitherto. In the course of years the issue on the part of Chinese financial institutions of banknotes (especially provincial banks) has grown enormously. We venture to assert that a portion of China's imports of silver from abroad is balanced, or represented, by banknotes in circulation.

THE FUTURE OF SILVER AND CHINA.

India Continous Buying Silver

Recent happenings have caused much pessimism regarding the future career of the white metal. The continous demonitisation of silver coins, first by Continental countries, and lately by the intended action of the Indian Government, have certainly caused lack of confidence in the future value of silver,—at least for the time being. However, this does not imply that the proposed Indian legislation is bound to permanently injure the prestige of silver as a store of value. We have had occasion to observe that India's silver purchases during the last 3 months of 1926, entirely for private account, exceeded these of the same period in 1925,—simply because prices were attractive.

World's Output

In order to estimate probabilities it is essential to compare the world's output with the world's consumption of silver. The annual average production during the past 10 years was 200 million troy ounces. The 3 years 1924 to 1926 alone were responsible for much higher results, namely 240 million troy ounces per year.

Government Ceased Buying

The Indian Government has ceased, already since 1920, to be a buyer of silver. The population has, on the other hand, continued to import silver in increasing quantities which during the past 3 years, averaged 100 million troy ounces per annum. The willingness and the capacity of the Indian people to continue buying silver depends much more on good crop results than on the change from the gold-exchange standard to the gold-bullion standard.

Confidence Maintained

The continual demonetisation of silver as standard currency by almost the whole world has resulted in a steady decline of prices during the past 50 years. Nevertheless the population of India and China has not lost confidence in silver, a fact which is proved by the consistent and ever-increasing purchase effected by these countries.

Consumption of Silver

Viewed in the light of prevailing conditions the uses for silver may theoretically be tabulated in the following manner:

India's net imports, private. a/c	80,000,000	troy ounces per year
China's „ „	60,000,000	„ „
Arts & manufacture in U. S. A.	30,000,000	„ „
„ „ rest of world	30,000.000	„ „
Available for coinage, etc	40,000,000	„ „
Annual consumption	240,000,000	troy ounces

China Important Factor For Silver

In considering the future possibilities of silver one has to pay much more attention to China than one has been in the habit of doing hitherto. The development of this country is only beginning, and possibilities are beyond dream. In face of many adverse circumstandces the foreign trade of China has developed enormously, having grown more then tenfold during the past 50 years, as is evidenced by the following official figures:

China's Foreign Trade

Total value of China's foreign trade (in Haikwan taels):

1876	151,120,000
1886	164,686,000
1896	333,671,000
1900	370,067,000

1905	674,989,000
1910	834,798,000
1915	873,337,000
1920	1,303,882,000
1925	1,724,218,000

Plethora of Banknotes.

Largely increasing trade requires correspondingly large media of payment which, in China, means metallic money by preference. There is another and more weighty factor with regard to the advisibility of acquiring silver supplies. We refer to the prolific issue of banknotes without adequate cover. Many of China's provinces are financing their requirements by the unrestricted issue of paper,—often without metallic reserves. In the absence of statistics it is a matter of conjecture how large the uncovered issue of banknotes by the provinces might happen to be.

Provincial Finance

Only fractional evidence is available, according to which, for example, Yunnan province, has at present an uncovered issue of notes, amounting to about 40 million of dollars. Harbin and its vicinity are reputed to have been supplied with a note circulation, without metallic reserve, aggregating 25 million of dollars. The province of Kirin as such has always been burdened with unredeemable paper. It is much more difficult to attempt an estimate regarding Mukden's issue of the now famous *Feng-piao*. The forced issue of these unredeemable banknotes is stupendous in size. All these incovertible note issues are growing from day to day until...?

If one estimates the face value of these note issues at 500 million dollars, one has probably been modest in the attempt. The paper is backed by nothing, except force and often does not even contain the "promise to pay upon presentation."

What Next?

The size of the issue of these unredeemable notes is growing like fungus. But even the proverbial patience and forbearance of the Chinese people will end somewhere. Banknotes issued by the provincial authorities may eventually be repudiated,-but what then? New issues of paper will have to be secured by adequate silver reserves.

China Needs Silver

It is true that in consideration of China's disturbed condition the country cannot, at the moment, acquire the silver stocks which are so sadly lacking. But it is equally true that China could easily absorb for most legitimate needs the world's entire output of silver for at least the next three years, in order to attain a moderate degree of economic rehabilitation.

China's Future Promising

China has no legally fixed monetary standard: but the country's currency for wholesale transactions is undoubtedly silver. And as long as China has a future,—a probability in the realisation of which we strongly believe,—so long will there be a future career for silver. These views are based on conviction gained after a long experience in this country. They should not be confounded with prophesies as to future prices of the white metal,—a consideration which it would be futile to discuss here.

Foreign Banknotes Replaced by Silver

During the latter part of 1926 there has been a strong demand of minted silver dollars for export to South China. A portion of such consignments may have been intended for the financing of the war then staged by Canton against the North. But it appears plausible that another part, probably the larger one, was intended to replace some of the banknotes issued by the Crown Colony of Hongkong and widely circulating throughout South China. The currency employed in Kuantung and Kuangsi provinces consists principally of subsidiary silver coins, beside which large quantities of Hongkong banknotes are circulating. It appears that the new national spirit is demanding the replacement of alien banknotes, for which there can scarcely be found a better substitute than minted silver dollars. In this manner the field for the Chinese dollars is being extended, and incidentally also the employment of silver.

EXCHANGE AND MONEY.

Shanghai Market Declining

In conformity with the movements of silver prices rates of exchange at Shanghai were very steady during the first half-year of 1926, when official T. T. quotations averaged 2/11 ¾, and U. S. $ T. T. 72. 5/8. Due to the commotion caused by the report of the Indian Currency Commission and to the subsequent collapse of silver, the Shanghai exchange market witnessed a prolonged panic, which it helped to maintain practically during the entire month of October. From itemised tables contained in the Appendix full details can be gathered as to high, low and average of all currencies quoted in Shanghai. It is therefore superfluous to enlarge here on this particular subject.

The Yen Improves Considerably

The continual fall in local rates of exchange come simultaneously with an improvement of economic conditions in Japan which became evident by favorable trade balances. The Japan—New York cross-rate which, in the beginning of the year, stood at slightly over 45 U. S. $, had risen to 49 ¼ (i. e. only 1% below mint parity) within barely 9 months. The movement was favoured by speculation all over the world in Japanese currency and by the expectation that the effective gold standard would be officially re-introduced by the Japanese Government. A considerable share in the permanent improvement in the value of the yen is due to operations emanating from Shanghai, initiated by a master mind in Shanghai and carried through with just as much skill as success. If we compare the highest rate for yen, as officially quoted, namely 88 ¼, with the extreme of 57 ¾, we get a difference of 30.50 taels per 100 yen, or 52 ½ % on the lowest rate.

Francs Extremely High

Another currency which, during 1926, showed unusually large differences in its extreme quotations was French Francs. Alarmingly high cross rates (243 francs per £ were quoted on July 21) were responsible for Shanghai official T. T. quotations of 35.40 francs per tael (highest). Largely improved crossrates, combined with extremely low silver quotations, produced, during the last quarter of the year, rates as low as 14.35 francs, or a difference of nearly 60 %.

Hongkong Dollars Dear

Owing to the forced removal to Shanghai of Canton's export business in raw silk there was a heavy, demand, throughout the first half-year, for Hongkong currency. The lowest official quotation in 1926 stood at 76 ¾ Shanghai taels, the highest at 83 taels, both being unusually high levels. The cost of Hongkong dollars usually is much below these figures and is shaped by demand, by political conditions in South China and by the parity level of foreign currency quotations at Hongkong, as compared with those ruling at Shanghai.

Quotations for Spot and Forward

Due to the existence of ample cash supplies differences between cash and forward quotations were very small throughout the year 1926. During the late summer months bank would sell at higher rates for forward delivery than for ready, but towards the close of the year the position was reversed, though differences were then very small indeed.

Russo Asiatic Bank Closes Doors

At the close of September the Russo Asiatic Bank announced that it is entering into liquidation, after having existed for 30 years. The closing of the bank's doors caused further weakness to the exchange market. Although the China group as such had no open exchange position, Shanghai branch was heavily oversold. The closing of the bank's doors induced many clients to set off engagements with the Russo Asiatic Bank by buying in the open market. In this manner the latter was weakened to a considerable extent.

Cash At Shanghai Excessive

In the course of 1926 cash balances at Shanghai banks showed record figures. When the year opened, stocks of silver here were valued at 102 million taels: these represented the lowest sum during the twelve-months period. At the close of the first semester the value of silver held by Shanghai banks amounted to 126 million taels. The highest figures were reached during October, when cash stocks exceeded 132 million taels in value. At the close of the year Shanghai banks held cash stocks worth 122 million taels, consisting of minted dollars (72 millons) and sycee taels (70 millions). The increase in local stocks of silver, in a year which was not propitious to trade, calls for elucidation. The principal reasons for the augmentation are:

Note Issue Growing

1. The constant increase in the circulation of notes issued by Shanghai banks and the recognised necessity to provide ample metallic cover. Viewed in this light a reserve aggregating 70 million silver dollars is not excessive. By far the largest issue of notes in Shanghai is the Bank of China, whose cautious and conservative policy has created a very wide demand for the notes issued by that institution.

Silver For Safekeeping At Shanghai

2. The amount of sycee taels in Shanghai in 1926 was in excess of actual needs. The accumulation of superfluous stocks can be attributed in part to the despatch to Shanghai from outports of silver supplies for safe-keeping, a precaution necessitated by incessant warfare in many parts of the country. Another reason, equally convincing, was the inadvisability to forward silver inland to places where it was originally intended to go.

Silver Dumped On Shanghai

3. A further cause for comparatively high stocks of silver accumulating at Shanghai was the policy adopted by American producers. Hitherto silver was bought abroad by Shanghai banks whenever cover for purchases of gold cur-

rencies became unavailable locally,—always, provided that parities permitted the acquisition of silver supplies. During 1926 silver producers, through their representative stationed at Shanghai, shipped silver here whenever the demand from elsewhere slackened off. This policy was carried out with complete disregard as to whether Shanghai needed silver or not,—and usually at a time when this place was already flooded with cash. Transactions of this kind were initiated by a purchase locally, for forward delivery, of telegraphic transfer on New York, with which to pay for the silver after arrival here. In this manner American producers sent considerable quantities of silver to Shanghai, at a time when these were least wanted there. Naturally such procedure was helpful in bringing down silver prices and increasing local stocks of cash. Defensive measures against such tactics are not available, and although the action of producers is perfectly legitimate, it may serve as a plausible explanation for the existence, at times, of idle silver funds at Shanghai.

Mints Activities in 1926

In the course of 1926 most of the provincial Mints remained idle: only those situated at Hangchow and Nanking were active, the former working during 6 months, and the latter during 5 months of the year. These establishments consumed 41,400 silver bars in 1926, besides lesser quantities of sycee, all shipped from Shanghai. All the other provincial Mints combined took only about 1,200 bars of silver from here during the entire year. Mukden was reputed to have been minting big dollars last summer, but figures relating to the output there have not been made public. Towards the end of August the Mint at Canton made preparations to restart coining: however, plans were not carried into effect during the year. It was intended to produce silver coins of a new design, showing the bust of Dr. Sun Yat Sen.

Mints Consumption of Silver

The following figures indicate quantities of bar silver supplied by Shanghai to provincial Mints (nearly all to Hangchow and Nanking) during the past 5 years. Each bar is of an average weight of 1050 ounces troy.

1926	42,600 bars
1925	41,300 "
1924	10,300 "
1923	50,200 "
1922	17,400 "

These quantities represent 53 % of Shanghai's total imports of bar silver.

Native Interest

Due to general trade depressions during the year, coupled with large stocks of idle funds at Shanghai, the money market there was easy throughout 1926, Rates of Native interest, as published daily on the foreign official bulletins, represent merely one-half of the actual market rates. The latter have averaged in 1926 about 6 % per annum, a figure which is not frequently available at Shanghai.

Shanghai Gold Stock Exchange

Activities on the Shanghai Gold Stock Exchange increased in 1926 considerably, as will be shown by the turnover there. The Exchange is of paramount importance to the shaping of the Shanghai exchange market and incidentally also of the world's silver markets. The figures quoted represent the turnover in gold bars (@10 Shanghai taels weight, value 480 yen), but represent buying and selling: the value is given in yen, after dividing into half:

	Turnover	Value
1926	62,323,000 bars	1,495,753,000 yen
1925	46,891,000 "	1,125,360,000 "
1924	28,703,000 "	688,886,000 "

Government Loans

An attempt was made by the Peking authorities to raise a new international loan, but the project was not capable of realisation. No foreign loan was contracted by China in 1926. All outstanding obligations, secured on the customs or salt revenues, were met in full by China.

Shanghai, January 1927.

Shanghai Official Quotations.

Highest and *Lowest* during 1926.

HIGH:

1926	Bar Silver London	Bar Silver New York	Gold Bars Sh'ai	£	U.S.$.	Rps	Yen	Frs	Guilders	Straits	Hkg	Local
January	31.13/16*	68.5/8*	299.50	3/1.1/4 *	75.1/4*	204.1/2*	62	20.15	185 *	78.1/4	79.1/2	72
February	31. 1/8	67.1/4	309.80	3/0.1/2	74	200.1/2	64	20.55	183	78	79.1/8	71.6125
March	30. 9/16	66.1/4	310.90	3/0.1/8	73	198.3/4	63.7/8	21.15	181.1/4	79.1/8	79.1/4	71.80
April	30. 1/8	65.3/8	330.20	2/11.5/8	72.1/4	198.1/4	68.1/2	21.30	179.1/4	82.1/4	77.3/4	71.825
May	30. 5/8	66.1/8	319.70	2/11.7/8	72.5/8	198.3/4	66.3/4	25.80	179.1/2	80.1/4	77.1/4	71.925
June	30. 9/16	65.7/8	319.—	2/11.1/2	72	198	66.1/4	26.00	177.3/4	79.1/2	77	72
July	30. 5/16	65.3/4	328.60	2/11.1/4	71.1/2	196.1/2	69	35.40*	176.1/2	81.1/4	77.1/4	71.8375
August	29. 3/8	63.3/8	343.20	2/10.1/2	70	191.3/4	71.1/8	26.30	172.1/2	84.1/2	78.3/8	72.35
September	28.11/16	62.1/4	372.90	2/9.1/2	67.3/4	185.3/4	76.3/4	23.70	168.1/4	89.1/2	79.3/4	72.1375
October	26.11/16	58.3/8	422.—*	2/7.1/4	63.1/4	174	88.1/4*	22.50	156.1/2	103.3/4*	83 *	72.525
November	26.—	55.3/4	412.—	2/5.1/2	59.1/2	165	85	18.45	148	97.3/4	80.1/2	74.30
December	25. 1/8	54.1/8	410.70	2/5	58.1/2	162.3/4	84.1/2	16.15	145.1/2	97	82.1/2	74.60 *
LOW:												
January	30.13/16	67	280.50†	3/0	73	197.1/2	57.3/4†	19.35	179.3/4	75.3/4†	77.1/2	71.6875
February	30. 9/16	66.1/4	295.70	3/0	72.3/4	197.1/2	61	19.45	180.1/2	77.1/4	78.3/4	71.275 *
March	30. 1/8	65.1/2	299.20	2/11.5/8	72.1/8	197	61.5/8	19.40	179.1/4	77.3/4	77.1/4	71.275
April	29. 3/16	63	312.60	2/10.1/8	69.1/8	190.1/2	64	20.50	171.1/2	79	77.1/8	71.60
May	29.15/16	64	307.70	2/10.7/8	70.3/4	194.1/4	64.1/4	21.00	174.3/4	77.5/8	76.3/4†	71.275
June	30. 1/16	65	310.40	2/11	71	194.1/2	65	21.45	175.1/2	78.1/4	76.3/4	71.275
July	29. 7/16	63.7/8	312.60	2/10.1/2	70	191.3/4	65.5/8	26.35	172.1/2	79.1/2	76.3/4	71.65
August	28. 1/2	61.5/8	328.80	2/9.1/4	67.1/4	184	67.3/4	22.25	166	81.1/4	77.1/4	71.725
September	26. 7/16	57.3/8	340.50	2/7.1/4	63	173.3/4	71	22.10	156.3/4	83.1/2	78	71.9125
October	24. 1/8 †	51.1/8†	363.10	2/3 †	54.1/2†	150.1/2†	76.3/4	18.00	135.1/2†	89.1/2	78.3/8	71.925
November	24. 9/16	52.7/8	380.90	2/4	57.1/2	159.1/4	82.1/4	16.80	143.1/4	94.1/2	80	72.1625
December	24. 3/8	52.7/8	395.80	2/4.3/4	58	158	83.1/2	14.35†	144.1/4	96	80.1/4	73

*Highest in 1926 †Lowest in 1926

Average opening official quotations.

January	31.322	67.795	3/0.812	74.500	202.10	59.583	19.720	183.49	76.69	78.46	71.835
February	30.797	66.773	3/0.231	73.425	199.88	62.275	19.965	181.58	77.71	78.91	71.505
March	30.299	65.880	2/11.962	72.620	197.85	62.759	20.253	180.19	80.66	77.99	71.520
April	29.682	64.409	2/10.799	72.288	186.00	66.467	20.178	176.57	80.71	77.44	71.770
May	30.125	65.075	2/11.150	71.260	195.71	65.915	22.586	176.05	79.22	77.05	71.600
June	30.248	65.481	2/11.260	71.520	196.19	65.630	24.220	176.09	79.11	76.90	71.450
July	29.861	64.793	2/10.935	70.870	194.38	66.465	28.846	174.75	80.25	76.94	71.800
August	28.773	62.380	2/9.620	68.030	186.30	70.250	24.084	168.38	83.47	77.93	71.955
September	27.904	60.380	2/8.780	66.310	181.86	72.960	23.098	164.46	85.47	78.82	72.000
October	25.291	54.505	2/5.270	59.180	163.15	82.120	20.182	146.63	95.64	80.01	72.175
November	25.192	54.129	2/4.894	58.288	166.62	83.990	17.244	145.07	96.50	80.39	73.200
December	24.748	53.440	2/4.790	58.200	160.98	84.130	14.792	144.55	96.85	81.23	73.880
Average for First 1/2 year	30.412	65.985	2/11.702	72.602	166.29	63.771	21.153	179.09	79.02	77.79	71.600
Second 1/2 year	26.962	58.271	2/7.381	63.479	174.71	76.652	21.374	157.31	89.70	79.22	72.500
All 1926	28.11/16	62.1/8	2/9.9/16	68.1/16	185.1/2	70.1/4	21.1/4	168 3/16	84.3/8	78.1/2	72.05

World's Silver Production. 1916 1925 (in fine ounces).

	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925
United States	74,415,000	71,740,000	67,810,000	56,682,000	35,052,000	53,052,000	56,240,000	66,163,000	64,222,000	66,155,000
Mexico	29,771,000	42,020,000	62,517,000	65,904,000	66,516,000	64,465,000	81,077,000	90,811,000	91,438,000	92,885,000
Canada	25,460,000	22,221,000	21,384,000	16,021,000	13,330,000	13,543,000	18,626,000	18,602,000	19,736,000	20,004,000
Total North America	129,646,000	135,981,000	151,711,000	138,607,000	135,208,000	131,060,000	155,943,000	175,576,000	175,396,000	179,044,000
„ South „	15,580,000	15,451,000	14,712,000	14,753,000	14,611,000	15,501,000	21,395,000	27,323,000	26,805,000	29,867,000
„ Central „	2,603,000	2,370,000	2,900,000	2,800,000	2,700,000	2,000,000	2,500,000	3,000,000	3,000,000	2,500,000
Total The Americas	147,829,000	153,802,000	169,323,000	156,160,000	152,519,000	148,561,000	179,841,000	205,899,000	205,201,000	211,411,000
„ Europe	14,334,000	13,147,000	12,937,000	8,314,000	8,383,000	8,070,000	8,517,000	8,875,000	10,207,000	8,500,000
„ Australia	9,677,000	10,091,000	10,704,000	7,606,000	2,165,000	5,363,000	11,485,000	13,819,000	10,739,000	10,100,000
„ Asia	7,070,000	9,221,000	9,978,000	8,450,000	8,900,000	8,868,000	9,375,000	10,032,000	11,106,000	10,105,000
„ Africa	1,203,000	1,183,000	1,257,000	1,272,000	1,233,000	1,011,000	1,315,000	1,545,000	1,799,000	1,459,000
Total for World	180,113,000	187,444,000	204,199,000	181,800,000	173,200,000	171,873,000	210,533,000	240,170,000	239,052,000	241,575,000

Movements of Bar Silver to and From Shanghai.

Arrivals of Bar Silver:

From	U. S. A.	London	Japan	India	H'kong	Dairen	Total bars
1926:							
Jany	8728	5330	—				
Feby	3969	2000	131				
March	6410	3089	393				
April	3794	—	60				
May	8089	—	147				
June	5207	—	57				
July	5564	—	101				
Aug	8246	178	167				
Sept	6452	—	258				
Oct	4229	123	1839				
Nov	7913	—	—				
Dec	3796	—	40				
	72397	10720	3193	—	—	—	86,310 bars
Against							
1925	43034	12033	459	7380	236	—	63,142 „
1924	31796	10642	—	2316	—	—	44,754 „
1923	50204	14750	2972	2022	900	1370	72,218 „
1922	23100	17500	—	—	200	—	40,800 „

Shipments of Bar Silver:

To	Nanking	Hangchow	Foochow	Yunnan	Bombay	London	Tientsin	Sundries	Total
1926:									
Jany	3385	2357	226	100	—	—	—	—	
Feby	—	—	—	—	—	—	—	—	
March	—	—	—	—	—	—	—	—	
April	1093	—	—	—	150	—	—	—	
May	3545	2204	—	—	—	—	—	—	
June	—	—	—	—	—	—	—	—	
July	3536	—	—	—	—	5805	—	—	
Aug	1232	—	—	—	—	—	—	21	
Sept	2077	7866	—	—	1119	—	—	—	
Oct	—	3238	—	—	2619	—	—	—	
Nov	—	3775	—	—	1313	—	—	—	
Dec	4290	2843	—	209	—	—	301	283	
	19158	22283	226	309	5201	5805	301	304	53,587bars
against						(Hankow)			
1925	7050	30950	153		877		2983	115	42,138 „
1924	4864	4207	406	210	1537	323		807	12,154 „
1923		48830	572	676	1890			125	52,093 „
1922		12600			2000			4800	19,400 „

United States Exports of bar Silver to China

	1926	1925	
			(in fine counces)
January ..	4,463,606	5,296,519	
February ..	5,228,619	2,815,535	
March ..	3,834,272	764,481	
April	4,119,463	915,277	
May	5,036,224	3,559,114	
June	4,199,183	3,414,876	
1st Half-Year .	26,881,367	16,765,802	
July	5,814,696	6,372,131	
Aug	4,762,940	4,674,931	
September .	5,236,838	4,423,546	
October ..	5,584,836	4,500,000	1924
November .	4,261,170	2,954,639	
December .	3,918,669	3,001,045	34,617,000
Total for year . ..	56,460,516	42,537,258	

United States Imports and Exports of Bullion

(Value in U. S. $.)

Movements of Gold:

	Imports	Exports
1926 ..	$ 213,018,000	$ 115,666,000
1925 ..	„ 127,960,000	„ 262,885,000
1924 ..	„ 319,370,000	„ 61,542,000
1923 ..	„ 322,716,000	„ 28,642,000
1922 ..	„ 275,170,000	„ 36,875,000
1921 ..	„ 691,248,000	„ 23,891,000
1920 ..	„ 417,068,000	„ 322,091,000
1919 ..	„ 76,534,000	„ 368,185,000

Movements of Silver:

	Imports	Exports
1926 ..	„ 68,420,000	$ 91,838,000
1025 ..	„ 64,254 000	„ 96,059,000
1924 ..	„ 73,945,000	„ 109,891,000
1923 ..	„ 74,454,000	„ 72,469,000
1922 ..	„ 70,807,000	„ 62,807,000
1921 ..	„ 63,243,000	„ 51,575,000
1920 ..	„ 88,060,000	„ 113,616,000
1919 ..	„ 89,410,000	„ 239,021,000

London Silver Prices.

	1926	1925	1924	1923	1922
Highest	31.13/16	33.7/16	36	33.11/16	37.5/8
Lowest	24.1/8	31.1/16	31.1/2	30	30.3/8
Range	7.11/16	2.3/8	4.1/2	3.11/16	7.1/4
Average	28.11/16	32.1/8	34	31.15/16	34.7/16

	1921	1920	1919	1918	1917
Highest	43.3/8	89.1/2	79.1/8	49.1/2	55
Lowest	30.5/8	38.7/8	47.3/4	42.1/2	35.11/16
Range	12.3/4	50.5/8	31.5/8	7.	19.7/16
Average	36.7/8	61.1/2	57.1/16	47.9/16	40.7/8

Average Official Silver Quotations in New York.

1917	81417	1922	67528
1918	96771	1923	64873
1919	1.11122	1924	66780
1920	1.00900	1925	69065
1921	62625	1926	62125

London Cross Rates in 1926.

	U. S. $	Frs.	Rps	Yen	Hkg $
High	486.11/16	244	1/6.5/32	2/0.5/16	2/4½
Low	484. 5/8	121	1/5.1/16	1/9.3/8	1.9.5/8

Congress Provides for Definite U. S. Foreign Trade Service

Henceforth the Commercial Attaches and Trade Commissioners of the United States Department of Commerce will function under the Foreign Trade Service of the Department of Commerce, which according to a cabled message received by Commercial Attache Julean Arnold, has now been incorporated into the United States Statutes. Up to the present, the foreign service of the Department of Commerce depended for its continued existence upon annual Congressional appropriations. There were also possibilities of its being incorporated into the Foreign Service of the Department of state. The Hoch Bill, which has now passed both Houses of Congress and goes to the President for his signature, provides a distinct Foreign Trade Service for the Department of Commerce, which is distinguished from the Foreign Service of the Department of State in that the former functions for trade promotion purposes while the latter is concerned primarily with the protection of interests. The Hoch Bill provides for Commercial Attaches, Assistant Commercial Attaches, Trade Commissioners and Assistant Trade Commissioners who shall receive their appointments from the Secretary of Commerce and be designated by the Secretary of Commerce to such posts abroad as he may see fit in the interests of America's foreign trade. By a special Executive Order, provision is made for co-operation between the foreign services of the Departments of State and Commerce, in foreign fields.

How The American Cartoonists View The China Question

These cartoons by McCutcheon and Orr, are reproduced from recent issues of the Chicago Tribune.

"HI SAY, QUIT KICKING MY BULLDOG AROUND!"

WE HOPE CHINA HASN'T BEEN WATCHING US HANDLE MEXICO

THE BUSY CHEF

SCRAPPY NEW YEAR

Congress Debates The China Question

A few days ago the House of Representatives at Washington passed the so-called 'Porter Resolution' by a vote of 259 to 44, which was intended to provide briefly, for the negotiation of a new treaty between the United States and China upon an 'equal' basis, in place of the present treaty providing for Customs Control and Extraterritoriality. In view of the interest in this question, we reprint herewith, in full, one of the debates in the House of Representatives on Jan. 18 last on this question. Owing to a filibuster in the closing hours of the Senate on March 4, the Porter Bill failed to pass.

Mr. LINTHICUM. Mr. Speaker, in this time I ask that an editorial from the Baltimore Sun, which I send to the desk, may be read.

The SPEAKER. Without objection, the Clerk will read the editorial referred to.

There was no objection.

The Clerk read as follows:

Where China Is United

Antiforeign demonstrations, in both cases directed against missionaries and involving Americans, are reported from Foochow and Swatow, on the southern coast of China. It is noteworthy and very fortunate that in neither case has loss of life resulted. None the less, the incidents are symptomatic of a rapidly crystalizing hostility to occidental domination, whether in the spiritual or material field.

Although the missionaries as a class have done great good in China, and although many of the more intelligent type have long been in the fore in urging voluntary relinquishment of one-sided foreign privilege, it is not unnatural that antagonism to them should flame out here and there on seemingly slight excuse. The anti-Christian union in China is not potent as an organized movement. On the other

hand, the feeling is strong and growing that Christian spokesmen have practiced a tacit deception by urging doctrines upon the natives which the foreign powers, in writing treaties and grabbing concessions, are quite content to ignore. "Go back and preach your Christianity at home" is a retort with which the proselytizing missionary in China is becoming very familiar.

As the situation in China becomes daily more tense it becomes vital to realize that the growing assertiveness of the people of that great country will not be stopped by use of force. Welcome or not, we must face the fact that real antipathy toward aspects of our western civilization is present. With a complacency which due reflection will show unwarranted we have told the Chinese that they must adopt our political, legal, industrial, education, and religious methods. The simple fact is that only as long as the Chinese were "backward" in military science could we get away with the assumption of superiority everywhere else along the line.

Now that China has 2,000,000 men under arms and arsenals able to turn out hundreds of machine guns and dozens of field pieces every week, western civilization is no longer dominent. The Chinese are in a position to take what they want and reject what they do not want of our philosophy of life. They may even decide to run their country without a constitution written by western lawyers, and what we can do to prevent such a denouement is not clear. It is not conclusive to call this Bolshevism even though Soviet Russia does encourage the Chinese rising.

Much deeper than Bolshevist influence, however, is the sturdy Chinese belief that they have a civilization and a philosophy of life which is well worth protection against that of the west. It is this feeling—and only the very bold or very ignorant will call it unjustifiable—which makes disorders caused by civil war a secondary matter, for all the stress we give them as excuse for not rewriting treaties which are palpably unjust.

Peking has now followed Canton in announcing that the higher tariff duties recommended by the Washington conference will be levied as of February 1, regardless of foreign approval or disapproval. And one of Chang Tso-lin's generals, fighting against the nationalist movement states that he will support the Cantonese if the British use force to regain command of their Hankow concession. These are symptoms that it is much more vital to consider underlying unities in formulating our policy toward China than to emphasize, as heretofore, the surface dissensions which give us a specious alibi for doing nothing toward establishment of healthy relations.

Mr. LINTHICUM. Mr. Speaker, there has been introduced in the House a resolution by the gentleman from Pennsylvania (Mr. PORTER) known as House Concurrent Resolution 45, which, after many preambles, reads as follows:

Resolved by the House of Representatives (the Senate concurring) That the President of the United States be, and he hereby is, respectfully requested forthwith to enter into negotiations with the duly accredited agents of the Government of China, authorized to speak for the entire people of China, with a view to the negotiation and the drafting of a treaty or of treaties between the United States of America and the Republic of China which shall take the place of the treaties now in force between the two countries, which provide for the exercise in China of American extraterritorial or jurisdictional rights or limit her full autonomy with reference to the levying of customs dues or other taxes, or of such other treaty provisions as may be found to be unequal or nonreciprocal in character, to the end that henceforth the treaty relations between the two countries shall be upon a wholly equal and reciprocal basis and will be such as will in no way offend the sovereign dignity of either of the parties or place obstacles in the way of realization by either of them of their several national aspirations or the maintenance by them of their several legitimate domestic policies.

The object of this resolution, as set forth, is that this Government denounce all former treaties with the Republic of China and enter into new relations with that country. The situation as to the State Department is such that by the Washington conference we are tied up with other nations and the State Department naturally feels it must act concurrently with those nations, the result being that nothing is done to alleviate the increasing hostility of the Chinese people.

The resolution, however, as I have said, has for its purpose to request the President to act independently, if necessary, in these Chinese affairs; to enter into negotiations with only accredited agents of the Government of China who are authorized to speak for the entire people.

China is quickly changing in almost every aspect, and there is one thing upon which all the people are united, and that is that they shall abrogate or denounce all treaties giving extraterritoriality or jurisdictional rights, giving concessions to certain nations and treaties which allow other nations to fix their import duties and regulate their customs through foreign agents, to the immense expense to China.

I am calling the attention of the House to this matter, because it seems to me we should act as quickly as it is possible to do so. We have the friendship of the Chinese nation through previous years of friendly legislation, through the remittance of the Boxer indemnity and the use of that fund in the education of Chinese students, establishment of libraries and educational institutions. Belgium has given up all rights which she had in China as to extraterritoriality and concessions. Russia has done likewise. England has had to give up Hankow, and rapidly other concessions will be taken over by China. The great question with us is, Shall we wait until we are compelled to give up these rights which we have under these treaties, or shall we deal with China at this time just as we deal with all other civilized nations?

China, with her vast resources, her 400,000,000 population, with her vast number of soldiers, some 2,000,000, with 10,000 years of civilization, is knocking at the doors of the nations of this world and asking that she be treated as all other great civilized nations of the earth have been treated, and I want to voice my sentiments in favor of denouncing the present treaties which we have giving us rights which we do not enjoy with the other great nations of the world and to say that, in my opinion, the time has arrived when, without compulsion, we should treat China and deal with her with respect to treaties just as we deal with France and England and Japan, as well as all the other great nations of the world. I do not want to see our country wait until we are absolutely compelled by the forces of China, by the uprising of the people, to give up these rights. I want to see our country do this in the same friendly spirit that she gave up the Boxer indemnity.

Mr. DENISON rose.

Mr. LINTHICUM. Does the gentleman from Illinois desire to ask a question?

Mr. DENISON. Yes; I would like to ask the gentleman from Maryland a question in regard to his proposed action. Our relations with China, particularly with reference to what the gentleman is speaking about, it seems to me to be a matter primarily to be handled by the State Department, especially as regards a treaty which would have to be made by the State Department and the President with the consent and approval of the Senate. Why should the House of Representatives be taking up matters of this kind when we are busy with other matters, and try in this way to dictate our foreign policy?

Mr. LINTHICUM. I do not think there is anything before the people of this country of any greater importance than the Chinese question, to-day. Not even the Nicaraguan question or the Mexican question, is of any greater importance than this Chinese question, and while the President, through the State Department, has the right to handle these matters, it is not beyond the power of Congress to express to the President, the State Department, and to the world how it feels in reference to our relations with China and with other nations.

Mr. DENISON. Does the gentleman think that the House of Representatives ought to take the initiative in handling foreign policies?

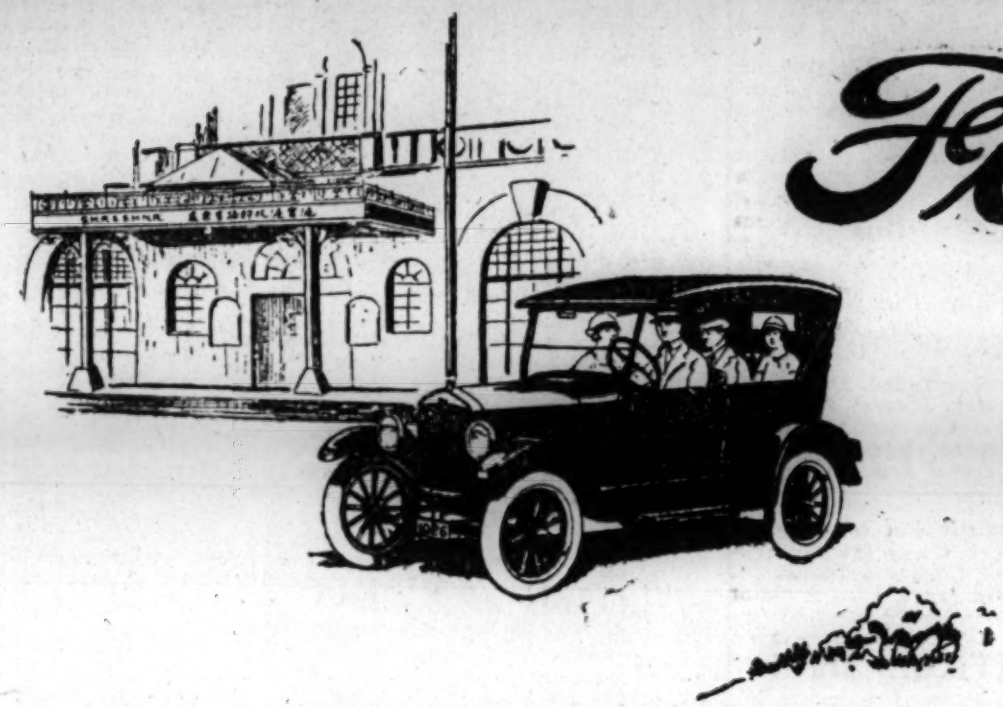
Mr. LINTHICUM. I think if the State Department does not take the initiative Congress ought to ask it to do so. (Applause.) I am very much in accord with the views of my good friend and fellow Baltimorean, Dr. John H. Latane, professor of American history and lecturer on international law at the Johns Hopkins University, expressed in the following letter:

The Johns Hopkins University,
Department of History,
Baltimore, Md., January 7, 1927.

Hon. J. Charles Linthicum,
House of Representatives, Washington, D. C.

MY DEAR Mr. LINTHICUM: I have read very carefully the text of the joint resolution on the subject of our policy toward China presented a few days ago by Mr. Porter, chairman of the Foreign Affairs Committee, of which, I believe, you are the senior Democratic member. Affairs in China are reaching a crisis very rapidly, and the present administration of this Government does not seem disposed to adopt any definite policy. I do not believe that President Coolidge will do anything unless his hand is forced. I think it would be advisable, therefore, to report this resolution out of the committee as speedily as possible and have the matter threshed out on the floor of the House and in the Senate. With the preamble and general purpose of the resolution I am in thorough accord. The part of the resolution urging the President to adopt an independent course in Chinese matters will doubtless raise some doubts in the minds of many of those who are deeply interested in the situation in the Far East. The Washington conference definitely adopted a policy of cooperation in Pacific and Far Eastern questions, and I regard such a policy as highly desirable. Unfortunately the powers which participated in the Washington conference

(*Continued on page 40*)



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Hanau No. 189 (Germany)

(*Continued from page 38*)

have not carried out in good faith the pledges made to China, and there seems to be no likelihood of their doing so any time soon. Which powers are at fault in this matter is a question into which I have not had time to go, and one on which there may be differences of opinion. In case Congress should adopt Mr. Porter's resolution, the administration could then say frankly to the powers that signed the Washington treaties: We are ready to cooperate in carrying out the treaties, but unless you are willing to act, and act promptly, we shall be compelled to adopt an independent course. This might get some action, and if it did not the United States would be fully justified in going ahead and negotiating a new set of treaties with China. If this were done, I feel certain that the other powers would in a very short time have to follow suit.

I am very anxious to see this resolution reported out of the committee and therefore ask you, as the senior Democratic member, to cooperate in the matter.

With cordial regards, I am,

Yours very sincerely,

John H. Latane.

The United States Government has treaties with the Republic of China which the Chinese people maintain denies to their Government the right to fix its tariff policies in regard to its revenue necessities and in disregard to its economic and industrial life. They maintain that these treaties prevent them from exercising through their courts and laws control over persons and properties in territories over which other nations enjoy sovereignty, and are thereby deprived of those equal rights which other members of the family of nations enjoy, which is unfair and unjust to the Chinese.

The United States has always been known as the friend of China and has always taken the lead in movements to secure justice for that country. It remitted in 1908 that portion of the Boxer indemnities in excess of actual damages, and in 1924 it fell to my happy lot to advocate the remittance of the balance of that indemnity, a large part of which has gone to the extension of the library system in that country.

I contend that the friendship of the Chinese people is more valuable to us than any extraterritoriality or jurisdictional rights we now have. The fact that China can be relied upon to render justice and protection to the nationals of other countries is demonstrated through the fair treatment to missionaries and other people living in China outside the extraterritoriality or concessions of foreign countries. (Applause.)

I should like to see the great powers, through the Washington conference, take action in regard to the liberation of China from its present treaties, and the promulgation of other treaties giving to her the advantages and freedom enjoyed by the other great nations of the world. I do not believe that this concerted action will take place, if at all, in the near future, and I think that delay is inimical to the interests and good feeling of America and Americans in China. The United States has heretofore acted independently in regard to Chinese affairs. I believe, if we desire to enjoy those friendly relations with that great people who, as a compliment to us and our Government, have established the great Republic of China, similar to the Government of the United States, we must act in the premises or it will be too late to bring it about by peaceful action, as China will have obtained all she demands through her soldiers in the great revolution which is now taking place and which will eventually bring about a consolidated China under a single government.

The longer we delay the more we force China to become a militaristic country which may some day rise up to plague us in the Far East. (Applause.)

(Mr. LINTHICUM was granted the right to revise and extend his remarks.)

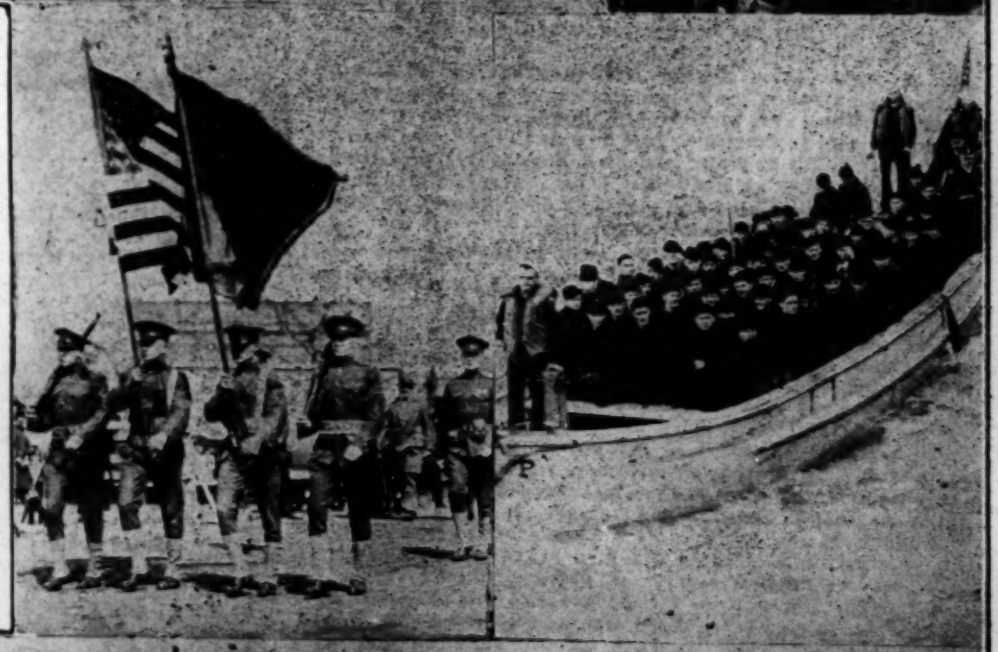
Mr. WAINWRIGHT. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

The SPEAKER. The gentleman from New York asks unanimous consent to address the House for five minutes. Is there objection?

There was no objection.

Mr. WAINWRIGHT. Mr. Speaker, in view of the grave situation in China, to which our attention has been called by the gentleman from Maryland, I think we should pause for a moment and realize what the real situation in China, with reference to American citizens and American property, is at this time, before we give much attention to any change in our fundamental policy. The fundamental question just at this moment involves the protection of the lives and property of American citizens in China, and to the consideration of that question it seems to me, we might well pause and reflect and inform ourselves not only as to the extent of those interests but as to measures contemplated for the protection of our people in China; and consider well how we may be embarrassed by separating ourselves from the other powers. The real question should be, Can we afford at

(*Continued on page 42*)



American Marine and Naval Forces at Shanghai

Above (left) American Marines marching along Nanking Road. Top, (right) American Sailors aboard U. S. S. Pittsburgh. Center (left) U. S. Flag on Shanghai Race-course. Center (right) American sailors coming ashore from the Pittsburgh. Bottom (left to right) Lt. Col. F. D. Kilgore, Col. Hill and aids of Marine staff; Admiral C. S. Williams and staff of Pittsburgh.

(Continued on page 40)

this time to do anything which may preclude us from concerted action with other powers for the protection of lives and property of all?

Last week I requested at the State Department to be furnished with information as to the number of American citizens now in China, where they are located, and the extent of American investments and property interests in that country. The information supplied to me should be of great interest to this House and to the country just at this time, and I shall ask to have it inserted in the Record.

Mr. LINTHICUM. Will the gentleman yield?

Mr. WAINWRIGHT. I can not yield; I have only five minutes. According to this information there are 12,000 American citizens—men, women, and children—in China at the present time, of whom 1,500 are men missionaries. 2,500 women missionaries, and 2,100 children of missionaries.

In Shanghai alone there are 4,000 persons, constituting more than half of the business community in Shanghai. There are 600 American firms doing business in China, and half of this number are at Shanghai with large numbers at Tientsin, Hankow, Hongkong, and Canton. There is a total investment of property amounting to more than $6 ,300,000 in China, of which $30,000,000 represent the value of land, buildings, and the like; and this, mind you, is exclusive of American missionary and philanthropic holdings, the total American investments in China being placed at at least $150,000,000. And we must add to this, of course, the value of the household effects and personal belongings of Americans in China.

Now, Mr Speaker and gentlemen of the House it seems to me that we should pause before we put ourselves in a position from which we may have to recede and which may prove very awkward for us in the solution of a plan to protect American lives and property in China. It seems to me we should be more concerned just now as to how our Government shall fulfill its plain, its sacred, duty to its own citizens than as to whether we shall change our general policy hitherto in dealing with China and play a lone hand and keep away from any concert with the other powers.

Mr. BLACK of New York. Will the gentleman yield?

Mr. WAINWRIGHT. Yes.

Mr. BLACK of New York. Does the Secretary of State say that any American has lost his life in China?

Mr. WAINWRIGHT. It makes no difference. The duty of the Government is to protect them, their lives, and the rights they have acquired in China under the assumption that our Government was to protect them. It does not seem to me that we should wait until someone is killed when we see the conditions that exist in Hankow and which may be precipitated any moment in Shanghai. At any moment there may be an attack and a situation precipitated in Shanghai similar to that prevailing in Hankow. It seems to me that we should announce whether we are prepared to stand by the men, women, and children and their property rights and let them feel that they have the full power of the Government behind them, and not go off on the academic propositions involved in some of the discussion at the present time. It seems to me that to-day is a most inappropriate time to consider depriving ourselves of the benefits of association with other powers for the protection of the lives of our citizens. (Applause.)

The SPEAKER. The time of the gentleman from New York has expired.

Mr. WAINWRIGHT. Mr. Speaker, I ask unanimous consent to extend my remarks by incorporating therein the information I have referred to.

The SPEAKER. Is there objection?

There was no objection.

The matter referred to is as follows:

AMERICAN INTERESTS IN CHINA

POPULATION (CHINA AND HONGKONG)

The total number of American citizens (men, women, and children) in China is approximately 12,000. This population is distributed among the different occupations, as follows:

Missionaries:	
Men	1,500
Women	2,500
Children	2,100
In business:	
Men	1,200
Women	700
Children	600
In professional work:	
Men	200
Women	200
Children	180
In United States Government service, including Army officers:	
Men	175
Women	100
Children	90
In Chinese Government service:	
Men	100
Women and children	125
Occupations not specified	400
American citizens of Chinese race (mostly at Canton and Hongkong)	1,200

The chief center of American population is Shanghai, where there are about 4,000 persons, more than half of whom are in the business community. There are 2,000 Americans in the Tientsin consular district, 1,300 in that of Hankow, 1,000 in that of Nanking, 800 in that of Canton (exclusive of American citizens of Chinese race), 500 at Hongkong. Other centers of American population include Foochow, Tsinan Changsha, Chungking, etc.

During the past 20 years the American population has increased approximately threefold.

The American population in China is exceeded only by the Japanese (198,000), Russian (85,000), and British (14,700). The bulk of the Japanese and Russian population is in Manchuria.

Number of Firms

There are about 600 American firms in China. Half of this number are in Shanghai. The most important centers for American business are Tientsin, Hankow, Hongkong, and Canton.

China's total foreign trade (sum of imports and exports) is about $1,300,000,000, 55 per cent of which represent imports. During the past 20 years China's trade has increased three fold, while during the same period the share of the United States in the trade of the country has increased fourfold, being, in 1924, 20 per cent of China's imports and 14 per cent of her exports.

The share of the leading nations in China's trade in 1924 was approximately as follows:

	Imports into China *Per cent*	Exports from China *Per cent*
Japan	26.5	31
Great Britain and Dominions	22.5	13
United States	20.5	14
All other foreign countries	27	28
China's interport trade through Hongkong.	3.5	14

The leading American exports to China are kerosene and other petroleum products, cigarettes and tobacco, flour, wheat, metals and minerals, machinery, dyes, colors and paints, raw cotton, timber, tinfoil, paper, motor cars, electrical equipment, canned fruits and vegetables, and condensed milk.

China is an important source of the following raw materials: Raw silk, vegetable oil, wool, hides, skins, furs, bristles, egg and egg products, all of which enter into the trade from China to the United States.

AMERICAN SHIPPING AND OTHER INTERESTS

American trans-Pacific shipping companies lead those of other nations in the carrying trade between the Pacific ports of Canada and the Unted States and Shanghai, the American share in 1924 being 47 per cent, that of Great Britain 29.5 per cent, and that of Japan 19.5 per cent.

Other American interests represented in China include banks, insurance companies, and professional firms.

Extent of American Investments in China

An estimate of the value of American investments of a commercial character in China is contained in a publication now in the press entitled "Currency, banking, and finance in China," by Dr. Frederic E. Lee, special agent of the Department of Commerce. It will be noted that the figure arrived at by Doctor Lee as the total value of American investments of a commercial character in China is $69,300,000. In reaching this total it is believed that he has underestimated the value of lands, buildings, etc, which he places at $30,000,000.

Doctor Lee has made no attempt to estimate the value of the investments of American missionary and other philanthropic organizations in China. It is believed that the valuof such holdings may well be equal to those of a commercial character. It is thought that it would be safe to set the total American investment (including investments both of a commercial and philanthropic character) at at least $150,000,000. I am inclined to think that it is considerably in excess of that figure.

An extract from Doctor Lee's publication is attached:

(Extract from "Currency, banking, and finance in China," by Frederic E. Lee)

Nature And Extent of American Investments In China

It is virtually impossible to make anything like a wholly comprehensive and reasonably accurate estimate of the investments of any nationality in China. British authorities have estimated Japan's investments in China at from 300,000,000 to 500,000,000 yen. "Nishihara loans" to China alone amount to 200,000,000 yen. British investments in that country would doubtless be many times greater than the Japanese.

(Continued on page 46)

What Mr. Lloyd George Thinks About It!

The following is a reprint of an extract from the Parliamentary debates on the China question which took place in the House of Commons on Feb. 9, giving Mr. Lloyd George's views on the subject. The reprint is from the Manchester Guardian for Feb. 10.

Speaking on the situation in China Mr. Lloyd George said:—

May I say in the first instance that I, personally, was very delighted with the line which the Prime Minister took yesterday with regard to China, and that the Government had definitely made up their minds that they would not interfere between the rival factions in China. The Government has got information which other members of the House have not got. The Foreign Secretary's course has been one which will redound not merely to his personal credit but also to the credit of this country. He has honestly and sincerely endeavoured to effect a peaceable settlement of our troubles in China, and he has made it clear that he is not going to stand by any indefensible privilege. The position we have taken up was laid down by Lord Balfour at the Washington Convention. The Foreign Secretary has had to deal with eight or nine other Powers, and, as I understand, he has done his best to secure some sort of co-operation among them. But that is not a very easy task. There was a very remarkable interview in the "Dally Telegraph" a few weeks ago from a very considerable Shanghai merchant who is opposed to all this concession. He said that if this had been settled two years ago it could have been settled on much easier terms than those which we have to consider now. But that is the case with all these disputes. The Foreign Secretary was bound to do his best to secure the co-operation of these other eight or nine Powers who signed the Washington Convention, otherwise he would have been liable to the suggestion that England had taken isolated action, and would have created friction.

We are in the position to-day that the Washington Convention, signed four or five years ago, had not materialised and had not been carried out. If it had been carried out all the conditions now demanded by Mr. Chen and others would have been settled years ago and you would have peace and contentment in China. No doubt the present situation is complicated by the fact that we have been driven to an exhibition of force. If there is any real peril to life and property the Government are bound to act—(hear, hear,)—and they would have betrayed the trust which is theirs as the Government if they had not taken every step which they were advised was necessary in order to protect life and property at Shanghai. I do not know how many British nationals there are in China, but at any rate people of our blood and kin there number thousands, and they have gone there on the strength of treaties.

Continuing, Mr. Lloyd George said that if necessary he was sure transport could have been found, but he thought it would have been serious for us throughout the East if, after what had happened at Hankow, we had had to evacuate the whole of the British population at Shanghai—Ministerial cheers,)—and he did not think the Government could have taken that reponsibility. He was not criticising in regard to Hankow, where it was difficult to afford protection and the position was different. But when you come to Shanghai, continued Mr. Lloyd George, I cannot help thinking that the Government had to consider whether it was necessary to send a force there in certain eventualities which might occur, and the mere fact that they do not occur will not be a condemnation of the Government for sending the force. (Ministerial cheers.) The one thing neither this nor any other British Government could face would be the possibility of leaving men of our own flesh and blood to the peril of massacre without offering every possible defence and protection (Ministerial cheers.)

There was one thing, Mr. Lloyd George went on, which gave him some misgiving. Foreign Powers did not quite take our view with regard to the danger in Shanghai. He had seen the statement in a French newspaper, which had the reputation of being inspired by the French Foreign Office, that the whole of the Consular Corps at Shanghai deprecated the sending of the troops. He would like to know whether that was the case. If they all came to the conclusion at Shanghai that not only was there no danger which called on us to land a force there but that it would be really adding to the danger to do so that was a serious facter, and it would justify the Government in not taking the troops beyond Hong Kong. He would also like to know what was the view of Mr. O'Malley and Sir Miles Lampson upon the desirability

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of sending a force to Shanghai. Further, there must have been some instructions given to our generals with regard to the limits of military action, and those were really very important. What were the relations of our military commander to the commander at Shanghai?

I do not know, Mr. Lloyd George said, whether his force is inside Shanghai. I understand the present idea is to defend the whole of Shanghai—that it is impossible to defend the settlement without defending the whole,—but are the forces of this Chinese general inside the city, and if so what are his relations to us? Is he one of the foreign Powers with whom "our relations are friendly"? (General laughter.) If he is outside and he is beaten is he coming inside our barbed wire, and are we to defend him? It is quite impossible to know what is going on. I have been following all the correspondents, and the prodigies they perform with their pens are inconceivable. (Laughter.) One day the whole of the Cantonese army is routed and the next day the same troops are rallied by another correspondent. If the Shanghai general's force is broken by Eugene Chen, are we involved in protecting it or are we neutral and simply doing a policing operation? Another question is: Have we the same guarantee from Chang Tso-lin as from Eugene Chen that he will protect life and property at Hankow? Because whatever may be the views of the Chancellor of the Exchequer about Mr. Chen, he has carried out his undertaking to protect foreign lives and property since he took charge at Hankow.

There is a real danger of our getting diverted by all this talk about Bolshevik interference—by all this Red obsession. (Opposition cheers.) I really do not know as between the Reds and the "see-reds" who are the more mischievous, but I think on the whole the latter. (Laughter and Opposition cheers.) There is no doubt that the Bolshevists do not like us, but our Ministers do not like them. (Laughter and "hear, hear.") But the movement in China is not a Communist or a Bolshevist movement. It is essentially a Nationalist, and nationalism and Bolshevism do not go well together. When Russian nationalism wakes up that is the end of Bolshevism. The Chinaman is not Communist. In fact the Chinese are the only Tories—(laughter)—outside the Liberal council. (Loud laughter.) I apologise to the Leader of the Opposition—I had forgotten him. (Renewed laughter.)

The whole of the equipment of the Chinese forces had not come from Bolshevik quarters by any means. It had come largely from English and American merchants in Shanghai. It had been going on for years, and these rival factions in China had been largely equipped by these American and English merchants. Further, both forces have probably got Russian officers.

A missionary had sent him some evening papers published in China, and remarked to him, "Read these and you will see why there is this anti-British feeling in China." These papers attacked the Chinese demands which the Foreign Secretary had acknowledged the substantial justice of. Such articles were read by thousands of young educated Chinamen who could read English. They were also translated into Chinese papers, and, as a consequence, England was thought to be behind these miserable little rags which were published along the coast of China. If they had been Russian papers, people here would have said it was Bolshevik propaganda. Of course we were not responsible for these papers, which were written by purely irresponsible people. He hoped, therefore, that this fear of Bolshevism would not mislead us to a sort of poisoned judgment. The Home Secretary, the Chancellor of the Exchequer, and the rest were doing harm by trying to identify the Chinese movement with Bolshevism.

American Dried Herring and Foochow Boycotts

A correspondent at Foochow sends some information on the importation of American and Canadian dried herring to that port. It is a business which at times assumes considerable importance, but a peculiar situation has arisen this season owing to the boycott of Japanese goods. This is explained by the fact that this business was formerly entirely a Japanese business, the herring coming from Japanese sources and being sold by Japanese firms. When a Foochow American firm entered the field and made direct importations from American ports the Students' Union in Foochow ignored any evidence which was brought before it to prove the fish to be of Canadian or American origin, and put obstacles in the way of sales. On account of the boycott Chinese merchants are afraid to handle these herring and so far no dried herring from America has been imported this season.

During 1925 the imports of dried herring into Foochow amounted to something under a quarter of a million Haikuan taels and last year to more than a quarter million Haikuan taels.

A New Standard for China Raw Silk

BY PAUL K. WHANG

THE Shanghai International Testing House has recently informed the silk men that the American manufacturers will definitely introduce classification into China raw silk trade, and in future will buy China silk on the basis of specification instead of the accustomed chops, or trademarks. This news has certainly caused much speculation among the local silk men. However, it is not at all an unheard-of thing, as Japan has adopted it for years in her silk trade. In the past, the silk Association of America has made several attempts to that end, and on several occasions, sent experts to China for the purpose of making investigations; but for some reasons or other, their efforts have not borne fruit till now. Being new and untried before, it is needless to say that there has always been much hindrance in its introduction, despite the fact that the present system has not been worked well. The writer has personally interviewed with several leading silk men, foreign and Chinese, as to their attitude to the proposed system, and tries to discuss the defects of the present system and the practicability of the new one.

Old Methods Cumbersome

Up to the present day, the raw silk has been bought and sold by its chops, say, "Anchor" at 1400 taels, or "Centaure" at 1350 taels. To any layman, these quotations are always a puzzle, in as much as the words "Anchor" and "Centaure would not in the least sense disclose the quality of silk- The silk men themselves, however, through their experience, can recognize the value of several best chops; but they are also indifferent as to the infamous ones. This practice has been originated since time immemorial. It might work well when the chops are few in number and known to every silk man; but it is a matter of impossibility to get acquainted with all the chops, when their number has been grown into over five hundred. To make the matter still more complicated, many small filatures used to alter their chops every year. Therefore the silk market has been very much confused by chops only, to say nothing else. Every year the local exporters used to classify all the chops into several grades in accordance with their own estimation, and publish the results in the form of small pamphlets. As a consequence, there is no uniformity in their grading the chops, as favoritism and bias largely prevail in their work.

That the chops can by no means represent the quality of silk will be made still clearer by the following points. Just like some other manufactured goods, the production of good silk needs the good quality of cocoons and the skill of the reelers. For the present, science has not been introduced in rearing the silkworms, and the cocoon crops are as uncertain as other crops. Thereby the quality of cocoons varies to a great extent from year to year, totally depending upon the climate and weather of the season. I acknowledge the fact that much improvement has been made since the introduction of disease-free eggs, but the scientific rearing of silkworms is still unknown to the farmers. Owing to the variance of the quality of cocoons, the silk which bears a certain chop will be different as well. Likewise the silk reeled from cocoons of different districts will also be different in quality. Furthermore, skilled girls are needed to produce best silk. Therefore even the best-managed filatures have the difficulty of putting out the products of an uniform quality, while the exporters always complain their products are not up to the usual standard.

Too much Emphasis in 'Chops'

Under the present practice, exporters attach too much importance to the chops, and sometimes ignore the quality of silk altogether, This has done much to impede the improvement of raw silk, as the producers will not take pain to improve their products, so long as only well-known chops can command good price. There is some truth in the charge made by the exporters that the unscrupulous producers to put good chop tickets on inferior products. But the local exporters act merely as middlemen, and they are instructed to buy silk by the consumers of some other countries. To the consumers, the chop is not the most important thing but the quality of silk. Recently many complaints have been received from the American consumers as to the quality of silk shipped to them. In order to make good, they advocate to buy silk on specification, or classification. In accordance with that system, the China raw silk will be divided into seven grades, and the grade of each chop will be based upon the quality of silk absolutely, In future the quotations in the silk market will be Class "A" at 1400 taels, or Class "B" at 1300 taels, instead of "Anchor" at 1400 taels, or "Plough"

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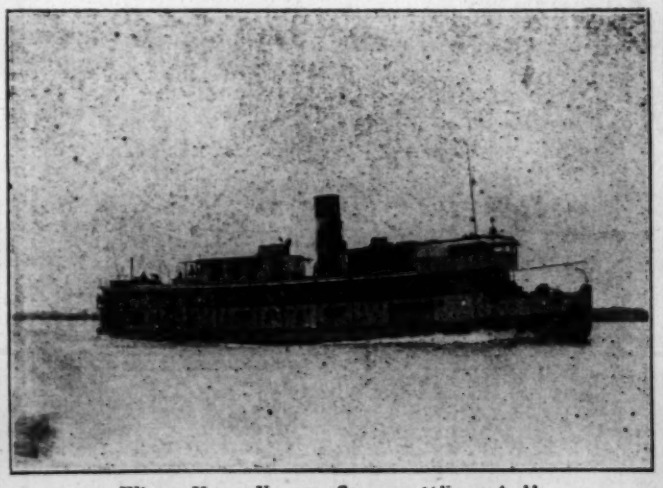

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The new system will certainly do some good to China raw silk trade, but it still leaves out one thing, which in the past has caused much dispute between the exporters and producers, that is, the testing of silk. If the silk will be tested by the exporters as they do now, injustice done to the Chinese producers will be still the same. The American consumers should go one step further by requesting that all the silk for American exportation should be tested by the Shanghai International Testing House. When this comes true, the disputes as to the quality of silk will be greatly lessened. In a word, the new system tend to relegate the all-important chops to the background, to encourage the producers for improving their products, and last but not the least, to give every one an equal chance, that is, "only best silk can command good price"

Shanghai, March 3, 1927

Congress Debates China

(*Continued from page 42*)

American investments in China of a commercial character—that is, excluding all such investments as those of the Rockefeller Foundation and the properties of mission schools, colleges, hospitals, and stations—would fall under four classes: (1) Bonds and securities of the Chinese Government; (2) investments in railway and other industrial concessions or enterprises; (3) long-term credits to the Chinese Government agencies or ministries; and (4) investments in lands, buildings, and equipment of American merchandising firms operating in China.

The bonds of the Chinese Government held by citizens of the United States, exclusive of railway bonds, are roughly estimated as follows:

Chicago bank loan	$5,500,000
Pacific Development Co. loan	5,500,000
Chinese Government reorganization loan:	
Russian series	2,500,000
Paris and London series	250,000
Chinese Imperial Government loan: Franco-Russian, 1895. 10,000,000 francs, par value	2,000,000
Other issues (estimated)	4,250,000
Total (class 1)	20,000,000

The only issue of railway bonds of the Chinese Government in which Americans have a direct interest is the American portion of the Hukuang Railway bonds, amounting to £1,500,000, or roughly, $7,000,000 gold. While undoubtedly quite a few of the American issue of the Hukuang bonds are held elsewhere, it is known that a great many Hukuang bonds of the British, French, and Greman series are held in the United States.

Advances on other railway and communications' concessions in which Americans are interested probably total about £2,300,000 gold:

Hukuang bonds	$7,000,000
Concession advances	2,300,000
Total (class 2)	9,300,000

Long-term credits by American companies to the Chinese Government railways and other communications' enterprises, which partake of the nature of unsecured or poorly secured loans, total some $10,000,000 gold.

The investment of American firms operating in China in lands, buildings, and other equipment, other than stocks on hand, is extremely difficult to estimate. The known investments under this category of the larger firms amount to $20,000,000 gold. A conservative estimate of the total of such holdings would therefore be around $30,000,000 gold.

A summary of these four classes of American investments gives the following grand total:

Class 1. Bonds and other Government securities	$20,000,000
Class 2. Railway bonds and other concession advances	9,300,000
Class 3. Long-term credits by American concerns	10,000,000
Class 4. Investments in lands, buildings, etc	30,000,000
Estimated total of American investments in China	69,300,000

American claims against the Chinese Government overdue June 30, 1925

Ministry of Communications railway material debts	$8,207,436
Other debts	1,250,000
	9,457,436

William Parr, a British resident of Shanghai, has been charged in the British Supreme Court in Shanghai in connection with the death of a British soldier named Edward George Faulkner, who died as a result of being struck by a motor car alleged to have been driven by Mr. Parr on Sunday, Feb. 27. Faulkner, who was connected with the Pack Battery Royal Artillery was riding in a ricksha when he was struck by the car. He was taken to the Country Hospital but died shortly after from concussion of the brain.

U. S. Is China's Best Peanut Customer

BY GEO. W. MISSEMER

WHEN you stop at a stand in Seattle or San Francisco to buy a bag of roasted peanuts you are supplied, not with peanuts from Virginia, but probably with peanuts from China. Peanuts must pay a considerable import duty into the United States, and the freight is relatively high on such an article as peanuts, where the value is small in comparison to the bulk of the cargo, but that does not change the fact that peanuts from Virginia or any other southern peanut-producing region cannot compete with peanuts from China in the Western part of America.

The Americans introduced and the Germans developed the export of peanuts from Shantung and the Japanese are continuing and increasing it. Tsingtao is by far the most important export port for this article. Although there is a very considerable business in the export of peanuts in their natural state, that is in the shells, the great bulk of the business is done in kernels, that is with the shells removed. America is China's best customer for these kernels, and San Francisco is the principal port of import into the United States. Something over three million taels worth of kernels were exported to the United States from China in 1925, and it comes somewhat as a surprise to see from the Customs statistics that the next best customer after the United States for these kernels is Spain to which country more than two and a half million taels worth are exported annually.

Careful Selection Necessary

So far as the export of peanuts in the shell is concerned the China peanut is at a considerable disadvantage, as is nearly every other Chinese agricultural product. If an exporter were to ship the average run of Chinese peanuts to the United States taking the run of crop as a Virginia farmer would, he would be unable to find a customer. Whether it is Chinese Wool, which is always exceedingly dirty, or whether the export article is Chinese eggs, which average very small in size, or whether it is peanuts, a very careful job of selecting and sorting has to be done. In a country where labor is as cheap as it is in China these sorting operations are possible at a comparatively small cost, but they would be ruinous in a Western country.

The American market will only take peanuts of the largest size, and the nuts are also usually bleached. This business is largely in Japanese hands and for that reason the average American knows the peanut from China as a "Japanese" product.

Tsingtao Leads

More than fifteen million taels worth of peanut kernels were shipped out of Tsingtao last year. So far as freight across the Pacific is concerned the port of Tsingtao has, during the past season, been in a most advantageous position. For the ordinary export article from an outport, the usual method of procedure is to ship to Shanghai and then catch a trans-Pacific boat here. Not so with peanuts from Tsingtao. If any exporter were to attempt such a method of shipment he would be ruined.

The freight on peanuts from Tsingtao to America during the past season has been about half that in force from Shanghai. The result has been a big "boost" to the export of peanuts from that port. One Japanese line has been carrying most of this cargo. Although it is a member of the trans-Pacific freight "trust" it was allowed to meet the cut rate of "outside" lines which were carrying this cargo to the United States at very cheap rates. This line usually has its boats call at Tsingtao on the voyage from America to Shanghai, the cargo being loaded, the boat then proceeding to Shanghai, and the cargo being taken to America on the homeward voyage.

France Also a Buyer

Peanuts in the shell are sent in much larger quantities to France than to the United States, but, as stated above, the trade in whole peanuts is small compared with that of kernels. Thus the average yearly export of kernels is about twelve million taels, while for whole peanuts it is about four millions.

In the United States the kernels are in great demand in the confectionery industry. In France and Spain the kernels are crushed for their oil, the oil being used in the manufacture of oleomargarine, and also in the industrial arts.

Peanut oil is likewise in great demand in the United States, and this product forms an important item of export from China. America is China's best customer, taking from one and a half to two million taels worth yearly. The total annual export from China is seven to eight million taels.

The extracting of the oil from the peanuts is a very simple matter. No very large plant is required, and if one wanders around a city like Shanghai one is likely to find in the back room of a side street a little installation with a one-horse-power electric motor running a little crusher with the resulting oil trickling into a kerosene tin.

A little off the subject, but it may be mentioned in view of the statement above that Spain is China's next best customer after the United States for peanut kernels, that in a large part of America the chestnut trees have stopped bearing owing to blight and the result has been an heavy increase in the import of chestnuts into the United States; Spain is one of the principal suppliers.

And just a word in conclusion. If the reader wishes to find any statistics about "peanuts" in the Chinese customs statistics he will be disappointed. He must look under the heading "groundnuts."

China's Attitude

(Washington Post for Jan. 29)

THE public statement by Minister Sze, of China, ought to pave the way to negotiations between the foreign powers and China. It is a remarkable statement, distinguished by the courtesy and frankness that always characterize the utterances of Chinese authorities. While giving unmistakable warning that the old rule of foreign aggression will no longer be tolerated by China, the statement conveys equally sincere assurances of China's desire to live on friendly terms with all nations, to fulfill all international obligations, and to treat foreigners with hospitality.

Minister Sze makes two all important suggestions, one especially concerning the United States and the other concerning Great Britain. He intimates that Secretary Kellogg's recent statement regarding China is not sufficiently specific. He asks the United States to define its policy. It is ready to negotiate a new treaty which shall supersede the present antiquated treaties? If so, the Chinese Minister would like to have the assurance given in plain and simple language. He states that the Chinese factions are willing and ready to negotiate.

From China comes the report that the people are asking why the United States, does not scrap the old treaties. Minister Sze knows, of course, that the President can not abrogate treaties in such an offhand fashion. But the President has power to negotiate a new treaty which, when ratified, would supersede the old treaties.

Evidently the Peking and Cantonese governments are in a position to confer plenipotentiary powers upon delegates for the purpose of negotiating new treaties. China is a unit, in other words, upon the fundamental proposition of bringing about a new relationship with foreign powers on the basis of equality and recognition of China's complete sovereignty. Thus it appears that the point made by Secretary Kellogg and others, to the effect that the powers do not know with whom to deal in China, can be settled quickly and satisfactorily by an announcement that the powers are ready to negotiate on the basis demanded by the Chinese people. It is the lack of this assurance which is keeping the situation in a turmoil, and not the inability of China to clothe negotiators with full powers binding upon the Chinese nation.

Minister Sze's reference to the "provocative and dangerous" action of foreign powers in sending extraordinary forces to China is obviously directed at the British government. The dispatches from China support him in his statement. The Cantonese army leaders look with grave anxiety upon the assembling of such strong British forces at Shanghai, and assert that these forces are larger than are necessary for defensive purposes. If the foreign powers should fail to take steps in the direction of new treaty arrangements, while accumulating military and naval strength at Shanghai, the Chinese people will naturally assume that the old game of aggression in the guise of defense is to be attempted again. The rapid coalition of all Chinese forces against foreign powers would probably follow.

The one outstanding feature of the Chinese situation is the determination and ability of the Chinese people to make their nation free from foreign control. Heretofore they have had the wish but not the power to free themselves. Now they have the power, and are using it with persistence, skill and unanimity in spite of the family quarrel that divides the north and the south,

Partitioning China Again

(The World's Work, N. Y.)

China has recently had her share of bedevilment. Things seem to be approaching a crisis, although it would be unduly optimistic to say that the end of the trouble is in sight. The Canton government has taken the center of the stage and pushed the older actors, the Changs and the Wus, the Tsaos and the Suns, well into the background.

There is a reason for this. For the first time since the revolution in 1911, principles have become a real factor in Chinese affairs. Wu and Chang, Sun and Tsao, all profess

their devotion to political principles, but power and self have governed their actions. That is why all of them have been swept together in opposition to the northward drive of the Cantonese forces.

The leaders of the Cantonese are the heirs of Sun Yat Sen, the prophet of the Chinese Revolution, and a man so devoted to principle that he was unable to accomplish anything beyond the inspiration of his followers. Despite many and dire vicissitudes, the Sun idea of organizing the Chinese along modern democratic lines has gained a foothold at Canton. From there the propaganda has spread through all China. Since last summer, under the brilliant leadership of Chiang Kai-Shek, the armies of Canton have been extending the area under Cantonese control. They now hold the central Yangtsze valley with its great industrial cities and all southern China, as far north as the neighborhood of Hangchow. They are headed for Nanking and Shanghai, and Peking itself is probably on their itinerary.

Many observers, particularly those among the British living in China, have been quick to ascribe both the ideals and the successes of the Cantonese to Moscow. And Moscow has been as ready to take the credit. There is no denial of the fact that Soviet agents have been active at Canton. There is no denial of the employment of many Soviet "advisers" in the Canton ministries. There is no denial of the participation of Russian officers in the training of the Canton troops and in the planning of Chiang's campaign. There is no denial that at least the Left wing of the Kuomingtang, the People's party, which is the political organization of Cantonism, is fairly thoroughly permeated with Bolshevik philosophy. And echoes of their vociferations are heard through the whole organization.

So impressed were the British with this Soviet influence that their papers demanded an agreement with the Cantonese in an attempt to supplant Soviet domination by British control. Back of this, but not emphasized, was the thought that Canton might be recognized as the government of South China in return for the Cantonese recognition of Peking as the government of North China.

This suggestion revived at once the talk of dividing China into a number of small units, instead of trying to deal with such a vast country and such a numerous population as one state. Sympathetic reception was accorded this idea by interested sections of public opinion in Paris and Tokyo and even in Moscow. Imperialist instincts will not easily down, and there are still Britons, Japanese, Frenchmen, and Russians who like to think of China as a memory, her territory and her people partitioned into thriving colonies kept in order and at productive labor by London, Paris, Tokyo, and Moscow.

There are a number of reasons why such a vision is not likely to be realized. First, the Chinese. The sense of Chinese national unity has grown to amazing proportions during the last few years. There has been, it is true, a constant struggle between the war lords, and the people have had little opportunity to organize themselves politically. It may even be that such organization is too great a task. But the Chinese are determined to try it, and any attempt to increase foreign domination would meet with bitter and sanguinary resistance.

Another fly in the partition ointment is the fact that the imperialist dreamers of London, Paris, Tokyo, and Moscow do not dream the same dream. Moscow's visionary map, for instance, would show Manchuria, Mongolia, and much of north China in honest Bolshevik red. Tokyo's would as surely show a large part of this territory in imperial yellow. London and Paris would disagree as widely on the location of dividing lines farther south. In short, an attempt to partition China would at once throw into open conflict the rival expansive forces which are at present held in check and kept apart by the inert buffer of impotent China. The touchiness of these cross-rivalries is strikingly shown by the open and sharp dissent of France and Japan from the proposals of the British Christmas note suggesting more liberal treatment of China.

The third force against partition is the United States. During an intercourse with China paralleling our whole national history we have striven to uphold the territorial and administrative integrity of that country against foreign aggression. Sometimes there have been minor failures, but in general this policy has been successful, and Washington still holds to it.

There has been no particular altruism in this attitude. Americans have realized from the first that if the European empires and Japan were to partition China among themselves the manufacturers and traders of this country would soon be cut off from that huge portion of the earth and its people. The "open door" for our trade and commerce is more important to-day than at any time in our history. To the commercial incentive to resist the partition of China there is now added the earnest desire to prevent the loosing of the rival forces of empire with their serious threat to the peace of the world.

The Cinema in China

BY RICHARD C. PATTERSON JR.,

President, Peacock Motion Picture Corporation in the New York Times.

I NEVER realized how like the Americans the Chinese are in their emotional response until I had visited a Chinese motion picture house, packed to the last seat in the last row, while the audience rocked with laughter at the antics of Charles Chaplin. The Chinese have no sports and amusements except the native theatre and the motion pictures. The Chinese theatre is primitive and uninviting, and in most instances plays are being acted which have been produced for centuries without change. Although they are classical from a literary standpoint, they do not stimulate the imagination and interest as the "movies" do.

While the motion picture was introduced into China as early as 1909, it is only lately that the Chinese have attempted to produce their own pictures. American pictures are preferred, although the audience, on the whole, cannot read the titles. This is because American pictures have more action, more vitality and more understandable humor than pictures produced in Europe. The Chinese like both to laugh and cry when they are having a good time. Pictures which are simply interesting as historical studies or as psychological analyses have little appeal.

Fairbanks Always Popular.

The centre of social interest in China is the family. His own personal experience and that of his friends and acquaintances leads the Chinese to believe that all human relationships centre in the family.

Of course, when Douglas Fairbanks brought the "Thief of Bagdad" to China he provided a picture for which the ordinary rules do not hold. For the scenery, the imagery, sheer beauty, the trick photography and all that went into making that picture a success pleases a Chinese just as much as an American. And when Fairbanks was doing these hair-raising, breathtaking "stunt" pictures he was probably even more of an idol with the Chinese audiences than in the United States.

Native Productions Increasing.

The theatres seat from six to twelve hundred. While smaller in size, they are constructed along the same lines as those in the United States, but not so elegantly. They have fire regulations, but not as stringent as ours.

About four hundred and fifty foreign pictures were shown in China last year, of which 90 per cent. were American produce. The number of native productions, which are increasing yearly, about equal those from countries other than the United States. In 1921 there were two Chinese produced pictures. In 1926 this number grew to fifty-seven, according to Luther M. Jee a Chinese graduate of Harvard and one of China's leading motion-picture men.

Chinese-produced pictures, as well as American films, have a decided tendency to change the daily life of the Chinese people, as regards their working hours, play time and domestic life.

When the "movie" first came to China, many Chinese could be easily frightened by what was thrown on the screen. One story is told of a Bill Hart picture showing the hero in a Wild West story pointing a revolver directly at the audience. Many of them fled in holy terror.

Films Teach Chinese.

In the Chinese productions today, the Chinese often wears a sack suit or evening dress, copied from the American screen. In turn, his dress is likely to be copied by the Chinese in everyday life.

Outside of an occasional mail order catalogue, the motion picture is the only means of showing the Chinese in the interior the manners and customs of the Western World. The large cities have their foreign quarters, but the natives know little of how the people there live. In the far interior, since the revolutions and counter-revolutions, few foreigners have been seen in months.

The Chinese are not without ingenuity by any means. One of the studios is being operated in connection with the advertising of a tobacco company, and is therefore prosperous, because it does not have to depend on its income. This studio is equipped and managed in the most modern manner, and has produced some good pictures, largely based upon ancient stories in which the old costumes of China are used. The director is an American and well understands his business. Another studio is making excellent progress along American lines, although the director is a Chinese who has studied in Hollywood. In one of the Chinese companies a camera man is still using the first motion-picture camera to come to China; he has not learned to use the more modern equipment. Few of the actors have had previous experience, and they have much to learn before a Mary Pickford is produced. While the actors of the legitimate stage, except those of great talent and reputation, have never been accepted by "society" in China, many of the popular stars of the screen

are apparently more successful in their attempts to move among the fashionable set.

Harmful Extravagances.

Have American motion pictures libeled America in China? Have they libeled China in America?

One answer to the first question may be found in a statement made some time ago by former Secretary of State Hughes on the influence of American motion pictures in Mexico: "I wish, indeed, that the important educational instrument, the moving picture, was not so frequently used in foreign countries to give forth the impressions of American life. It is most discouraging to reflect upon the extent to which the best efforts of educators and the men of public affairs are thwarted by the subtle influence of a pernicious distortion among other peoples, with respect to the way in which our people live and the prevalence here of vice and crime."

The Peking Daily News has characterized some of our pictures as "debauching morals." Perhaps the strongest accusation against motion pictures was lodged by the Chinese National Chamber of Commerce, when it filed with the Chinese Government a petition for restricting the exhibition of certain motion pictures because of "the harm done to the public by the showing of pictures representing burglary, robbery and other kinds of violence," and because "the motion pictures destroy the morality of society and have made the people more wicked than ever."

A Tremendous Influence.

The answer to my second question, "Have the motion pictures libeled China in America?" would have been "yes" before 1922, but it is "no" today. Preceding 1922 there was gross distortion of facts regarding the Chinese on the American screen, and the American mind was somewhat poisoned regarding the Chinese themselves and Chinese customs. But China is not being libeled in America today.

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Road Transportation in Southwest China

The information in this article, submitted by the office of the U. S. Commercial Attache at Peking, is from an authoritative source and describes conditions existing in the summer of 1926.

IN the absence of railroads in southwest China and because of road conditions, goods in transit are generally moved by pack animals or coolie power, though on isolated and infrequent plains and near the cities carts are used to some extent. These carts are very crude in construction, consisting of a simple wooden platform placed unsprung on an axle and wheels revolving as one unit. The axle is held in place between pins driven vertically into the sills of the cart and revolves against the pins. The wheels are made of planks cleated together and cut roughly to circular disks. The carts are equipped with shafts, and the motive power is one ox or water buffalo. Lack of cart roads precludes these vehicles from being used for more than local transportation, even if they were efficient. Long-distance freightage is entirely dependent on pack animals and coolie porters.

Pack Transportation and Animals Used.

Where pack transportation is available, ponies and mules are used indiscriminately, ponies making up about 80 per cent of the total number. In certain sections of Yunnan and over large areas in Szechuan, the coolies' guilds refuse to permit competition from pack animals. In Yunnan the pack trade has been seriously damaged by commandeering of animals for military use, and owners are now most unwilling to bring horses and mules to the cities for hire, fearing their loss.

The southwest China pony is a sturdy beast of 12 to 13 hands height and an estimated weight of 400 pounds. It is unbelievably sure-footed and capable of great endurance but, because of its small size, has no great speed, Its ration is grain, hay, and bran, with beans frequently substituted for grain and bran, and it is usually allowed to graze at halts during the day. Mules conform in size, shape, and treatment to the ponies, but have proved incapable of carrying extremely heavy loads.

Pack Equipment.

Equipment for pack transport consists basically of a canvas pad, stuffed with vegetable fiber in the form of an inverted "V" and shaped to the individual animal's back. This pad has wooden cleats and a wooden bearing plate stitched to each side. No girths are employed. The load rides by balance, and the saddle is kept from slipping on grades by chest and breeching straps attached directly to the pad-saddle. Movement of the saddle is neutralized by the chest strap working against a crupper strap. The crupper is generally of wood, with rotating wooden rings covering the bifurcation of the strap, and it invariably rests on a triangular felt pad. The breeching strap is prevented from cropping by strap suspension from the crupper. The pack itself is permanently lashed on a wooden frame that fits between the cleats and on the wooden bearing plates of the saddle proper. Unpacking is accomplished by lifting this frame entirely off the saddle. The animal's equipment is completed by a halterless headstall, and a rope or wicker muzzle to prevent grazing on march. Ponies and mules are invariably shod.

The tendency is rather to underload than to overload animals. The average pack is two coolies' burden, say 120 to 150 pounds. Because of the inherent slackness of the breast strap-crupper system, galling is frequent. Practically every animal is galled or has recent scars thereof. As everywhere in China, animals receive no consideration on this account while on march, aside from frequent inspection and restuffing of pads as a preventive measure.

Pack trains are made up of 20 to 100 animals, with one "mafoo" (packer, groom, horse attendant) to each three or four beasts. Mafoos usually carry light packs. The day's journey for pack trains and coolie porters is practically identical, say 20 to 25 miles, and marching times plus halts is about the same for trains and coolies. Pack trains usually halt twice in a day's journey. At these times packs, and sometimes saddles, are removed, and the animals are permitted to graze and roll. At these halts saddles are examined stuffing readjusted, and lost shoes are replaced. No attempts are ever made at grooming, nor are blankets carried.

Man-Power Transportation—The Coolie.

A considerable portion of goods transportation is everywhere handled by porters, and in many places they hold a freight monopoly. Porterage is usually done by contract, each man undertaking the delivery of his load at a point a given distance away. Powerful porterage guilds exist in all cities, but nonguild coolies also are numerous. The porters as a class are young men, obviously vigorous and with specialized muscular development, notably large calves and heel tendons and big back and shoulder muscles. They usually have large pads of callous on a line across the shoulders and spine. Arms, wrists, and hands are usually underdeveloped. The coolies are invariably opium smokers, and most of their earnings are spent on this drug. Their equipment is simple—coat, trousers, straw sandals, rain hat, carrying tackle, and opium kit; a turban, towel, and extra sandals are optional. They depend on inns for bedding, food, and opium, and hence the days' stages are clearly defined by the towns and villages that have these accommodations.

There is no way of determining the number of porters available in southwest China; but, considering the stability of the trade and the muscular specialization involved, their numbers can not admit of any great and sudden expansion. Carrying coolies usually travel in groups of 10 to 20 for company and mutual protection. It is quite common for the bearers of two or three different consignments to travel in company for days at a time. Porters' wages average about $1.50 per day and are paid in the currency of the region through which they travel. Bare living expenses take about 35 cents of this, leaving $1.15 for opium and display. They are thus, comparatively speaking, a well-off, traveled, and ruffled caste. The use of opium and the dying away of its effects limit their working day to about 10 hours for carrying a 70-pound pack a distance of 20 miles.

Classes of Coolies and Their Relative Merits.

Coolies are divided into three classes, according to their methods of packing, but specialization in one class by one man is rare. The classes are, as follows:

1. *T'iao-fu.*—These men carry their loads at the two extremities of a pole across their shoulders. The mechanical principle involved is that the pole springs rhythmically, and the coolie is able to advance in a cadence, moving forward when there is no weight on his shoulders, and bearing the full reaction of gravitation when his feet are on the ground. The cadence is, of course, a function of the length of the pole but averages about 75 per minute, permitting the coolie either a slow walk on grades or a dog trot on the level, according to whether he takes one or two steps between springs.

The limitations of packs ("t'iao-tzu") carried by this system are: (*a*) Weight of load—not more than 90 pounds

can be carried handily, and the average is around 60; (*b*) size of load—bulky, irregular, and unbalanceable articles can not be carried; (*c*) weather—bad footing does not permit maintenance of cadence. Advantages of the system are: (*a*) Comfort compared with other methods; (*b*) speed—on fair ground the t'iao-fu makes about three miles an hour, uphill and down, including rests.

This method is the favorite one for goods transportation among porters, although in many regions, especially in Szechuan where there is constant precipitation and muddy going, it gives way to the system described below.

2. *Pei-fu.*—These men pack their loads on their backs. Their equipment consists of a wooden frame, shaped in profile like a pair of sleigh runners, that extends from the level of the base of the spine to a line 4 inches above and directly over the top of the head. This frame is suspended from two vegetable-fiber straps that fit over the shoulders exactly as do those of infantry packs.

"Pei-tzu" (the loads carried on the back) are very difficult to get into, being put on while the carrier is in a sitting posture, and as it is practically impossible to remove them on the march, the pei-fu is provided with a one-legged stool, which has a boomerang-shaped top, on which he supports his load whenever he desires a rest. Pei-fu always lash their loads on the frames as high as possible, so as to get the center of gravity of the load directly over the center of gravity of the body.

Besides being able to carry very heavy loads, pei-fu are also able to pack bulky articles that can not be carried by the t'iao-fu. A man has been seen with a load of reeds the top of which was at least 10 feet above the ground. They are reported to perform great feats of weight-carrying, sometimes as much as 400 pounds, but their normal loads average 60 to 80 pounds. Excessive weights are not incredible, however, if short stages and slow progress are granted. Pei-fu are slower than t'iao-fu, provided always that the road is dry

3. *T'ai-fu.*—These men carry one load between two or more coolies, either lashing their cargo to a frame or, if the load is very bulky, attaching two-men poles to the corners; for example, pianos and organs boxed have been transported, in this manner, a 12-day journey over the mountains. A load up to 180 pounds, lashed in the middle of a bamboo frame and carried by two men, would seem to have all the advantages of the "t'iao-tze" and none of its drawbacks, as the t'ai-fu, by changing their distance from the load, are able to damp the rhythm or adjust the cadence to suit the footing. All the t'ai-fu observed have finished their day's journey more quickly and in better condition than any other porters making the same stages. But, because of the individualistic nature of the average coolie, this method of transportation is not popular and is only used for freighting when the t'iao-tzu and pei-tzu forms of packs are impracticable.

Passenger Transportation.

The t'ai-fu however, are essential to passenger travel in chairs. These chairs are of two general types, the mountain chair and the sedan. The mountain chair is essentially a narrow, oblong bamboo frame, with the traveler's bedding suspended in the middle across two poles. The traveler sits on the bedding dangling his legs over the front pole and supporting his feet on a stick suspended crosswise from the frame. An oilcloth covering is placed on bows over the bedding. This type of chair is very comfortable, is obviously light and has the advantage of transporting traveler and baggage at the same time. It is awkward, however, to use more than two t'ai-fu with a mountain chair; hence, travel in these chairs is limited to passengers weighing 140 pounds or less.

The sedan chair is of standard construction, made either of bamboo covered with oiled paper or of woven cane. It is thus much heavier than the mountain chair, say 40 pounds as against 15 pounds including bedding, and requires three or four bearers. These bearer chairs usually have a pair of men in front and a single coolie behind, burdens being equalized by placing the rear carrying bar at twice the distance of the front crossbar from the chair's center of gravity. When four bearers are used each pair walks in file, one pair before and one pair behind the chair.

Handling chairs requires close teamwork from the bearers in the matters of balancing, keeping step, starting and stopping, and changing shoulders. Chairs make the same stages as do t,iao-fu and the baggage t'ai-fu.

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Men and Events

The members of the Union Club of China held a dinner dance on the evening of March 8.

Mrs. Verne Dyson, accompanied by her daughter, Miss Carolyn May, has gone to Manila for a brief vacation.

J. V. Murray, general manager of the Texas Oil Company has returned to Shanghai from a business trip to Hongkong.

The annual St. Patrick's Ball was held at the Carlton Cafe, Shanghai on the evening of Thursday, March 17 and was well attended.

The second anniversary of the death of Dr. Sun Yat-sen will be observed by members of the Kuomintang in Shanghai on Saturday, March 12.

Z. L. Chang, Chinese Consul-General in New York, is planning to return to China shortly, according to a report appearing recently in one of the New York papers.

There are now six Japanese warships in the Shanghai harbor, the Tone, Hirada, Tenryu, Sumida, Katada, Sendai, and in addition to two crusiers and three destroyers.

The International Chess Club of Shanghai will in future hold its meetings on Mondays, Wednesdays and Fridays at the Union Club of China, No. 38 Avenue Edward VII.

The annual meeting of the American Chamber of Commerce of Shanghai will be held at the American Club on the evening of Tuesday, April 26 and will be preceded by a dinner.

Owing to the billeting of British troops in the Columbia Country Club on Great Western Road Extension, Shanghai, it has been necessary to discontinue the Sunday afternoon tea dances.

The Norfolk Virginian-Pilot contributes the following on American foreign policy—"Official Washington seems to be more interested in establishing good government abroad than at home."

Work is shortly to begin on the construction of another large Chinese department store in Shanghai, the new store to be located on the site of the old Town Hall which is shortly to be demolished.

The San Diego (Cal.) *Union* also has a suggestion for solving the China problem—"The great Powers apparently have decided to treat China more liberally, even if they have to use force to do so."

Putnam Weale, Peking novelist and writer on China addressed the members of the Shanghai Rotary Club on Thursday, March 3 on the subject, "The Economic Element in the Chinese Revolution."

M. J. Meyrier, French Consul-General at Shanghai has been awarded the Chinese Third Class Chiaho decoration upon the recommendation of Hsu Yuan, Commissioner of Foreign Affairs at Shanghai.

Mr. O'Malley, British diplomatic representative, who has been conducting negotiations with the Nationalist Government at Hankow arrived in Shanghai on Sunday, March 6 on his way to Peking to report to the British Minister.

The Chinese Minister to Japan, Wang Jung-pao, has been sued in the Tokyo District Court by two Japanese for failure to repay a loan of $40,000 which was advanced for the purpose of financing the expenses of Chinese students in Japan.

Hugo Reiss vice-president and assistant general manager of Andersen, Meyer and Company, Shanghai, has resigned according to a notice appearing in the Shanghai newspapers this week. Mr. Reiss will continue to reside in Shanghai at No. 40 Connaught Road.

Will Rogers, America's well known humorist writer and vaudeville performer had the following in the New York *Times* on Feb. 4 as a suggestion for solving the China trouble: "We will stop those Chinese from fighting among themselves if we have to kill them to do it."

Nordahl Grieg, special correspondent representing *Tidens Tegn* of Norway, *Berlingske*, of Denmark and *Dagens Nyheter* of Sweden has arrived in Shanghai for the purpose of writing a series of articles dealing with conditions in China. Mr. Grieg plans to proceed to Hankow following his visit here.

Stanley High, correspondent for *Asia Magazine*, New York, arrived in Shanghai this week for a visit of several days before proceeding to Hankow and Peking. Mr. High is accompanied by Mrs. High. Mr. High was in China several years ago and is the author of a book entitled, "China's Place in the Sun."

The Spanish crusier Don Blas de Lezo, which is being sent to China for the purpose of protecting Spanish lives and interests, is said to be the first Spanish warship in Far Eastern

(*Continued on page 53*)

Developments in the China Situation for the Past Week

Although Shanghai has thus far escaped any clashes between rival factions of Chinese troops, there have, however, been several rather sensational troop movements, the most important being the sudden arrival and almost as sudden exit of Gen. Chang Chung-chang, Fengtien tupan of Shantung Province. The sudden and sensational descent of Gen. Chang Chung-chang's forces upon Shanghai from the North, constituted a type of Chinese military activity which baffles the understanding of foreign military experts. Had Gen. Chang possessed any information whatever regarding the situation in Anhwei, he would not have risked his forces along a stretch of railway approximately 250 miles in length which passed through hostile territory. But regardless of the accuracy or otherwise of Gen. Chang's military information, he did rush a large force southward from Hsuchowfu, the strategic point in Northern Kiangsu at the junction of the Tientsin-Pukow and Lung-Hai Railways and for a time had a force estimated at 10,000 stationed in the territory adjacent to Shanghai possibly within a radius of 25 miles from the foreign settlements.

Gen Chang Chung-Chang

Cantonese Attack Railway

That Gen. Chang must have been misinformed regarding the situation in the territory south of Shantung now seems evident, for no sooner had he arrived in Shanghai than the Cantonese advancing from Chekiang Province immediately began to menace Chang's line of communication along the Shanghai-Nanking Railway all the way from Soochow, about forty miles north of Shanghai to Nanking, a distance of approximately 150 miles. The first Cantonese attack was launched at the town of Wukiang a short distance south of Soochow, but of more importance, the Cantonese also attacked and captured the town of Huchow on the south side of Lake Taiho and also sent a larger force northward on the west side of the lake in the vicinity of Ihing an important strategic point on the border between Kiangsu and Chekiang. The Cantonese objective in this latter troop movement, was naturally for the purpose of striking at the Shanghai-Nanking Railway in the vicinity of Chengchow or Wusih, or possibly Chinkiang. The natural effect of this was to cause Gen. Chang Chung-chang to withdraw practically all of his forces from the Shanghai district and Sungkiang in order to protect his line of communications. As these lines are being written, fighting was still in progress at Soochow and Ihing, but the early evacuation of Chang's Shantung troops from this area appeared imminent. It is possible that Gen. Chang will attempt a stand at Nanking where he is reported to have two armored trains manned by White Russian mercenaries, but his position at Nanking, even, is insecure.

Chen Tiao-yuan Flops to Nationalists

Gen. Chen Tiao-yuan, tupan of Anhwei Province, has gone over to the South, according to definite information available on Monday, March 7, the report stating that Gen. Chen had definitely accepted the command of the 37th Army of the Revolutionary Forces and had circulated a telegram expressing belief in Dr. Sun Yat-sen's 'Three Principles.' Gen. Wang Pu, civil governor of Anhwei also has joined the Nationalists and has been assigned to command the 27th Revolutionary army. The general effect of this has been to place Gen. Chang Chung-chang, Fengtien tupan of Shantung province in an impossible position and the chances are he will be forced to withdraw to Shantung immediately, an obviously difficult operation owing to the fact that his armored trains and military supplies have been moved to the south bank of the Yangtsze at Nanking.

Gen. Li Pao-chen also Flops

Gen. Li Pao-chen, defense commissioner at Shanghai, also a subordinate of the former Marshal Sun Chuan-fang, has also gone over to the Nationalists, according to fairly well authenticated reports which have been circulated in Shanghai for several days. It is said that Gen. Li has offered his army of 5,000 troops in the Shanghai district to the Nationalists and that the offer has been accepted. This arrangement has however stirred up considerable opposition on the part of the Kuomintang Party members in Shanghai the reason being that they harbor considerable animosity against Gen. Li on account of his recent wholesale execution of labor and student leaders in the Shanghai district.

Is Chihli Joining the Nationalists?

The recent tendency of the under officers and politicians of the Wu Pei-fu—Tsao Kun,or so-called Chihli Party, to join up with the Nationalist forces, lends strongly to the belief that a new political line-up in China is in the making, for in addition to the deflection Chen Tiao-yuan, Bei Bao-san and Li Pao-chen in the Lower Yangtsze area, there is considerable foundation for the belief that practically all of the subordinate officers of Marshal Wu Pei-fu in Honan, led by Gen. Chin Yun-ao have also gone over. The reports from Honan are still indefinite, but it is pretty well established that serious fighting has already developed between Wu Pei-fu's forces and Fengtien along the Yellow River.

Feng Yu-hsiang and Yen Hsi-shan also Move

According to a Japanese *Toho* Agency dispatch from Peking on Monday, March 7, Gen. Han Lin-chun who was dispatched to Shansi Province by Marshal Chang Tso-ling some time ago to attempt to induce Gen. Yen Hsi-shan, tupan of Shansi to cooperate with the Ankuochun forces against the South, has reported that instead of cooperating with Fengtien, there was strong prospects of Gen. Yen joining up with the 'Christian General' Feng Yu-hsiang in an attempt to cut off the Fengtein troops which have already advanced into northern Honan. According to the *Toho* report, Gen. Han Lin-chun, the Fengtien agent sent to Shansi, advised Marshal Chang Tso-ling to send troops back to the Chahar and Suyuan districts north of Peking owing to the imminent probability of Feng Yu-hsiang, Chiang Kai-shek and Chin Yun-ao advancing in a cooperative movement to cut off the Fengtien forces. Since it was reported that Feng Yu-hsiang's forces had already advanced to Tungkuan, Marshal Chang Tso-ling immediately issued orders to his troops to make preparations for eventualities. Although it is still to early too be able to determine definitely what all of these movements mean, it begins to appear that about all of the military factions in China are getting together under the banner of the Nationalist flag againat Marshal Chang Tso-ling and his Ankuo forces including Gen. Chang Chung-chang, tupan of Shantung.

Situation Quiet at Shanghai

Despite the various and confusing troops movements in the vicinity of Shanghai, there have been no clashes of consequence in the vicinity of the city. A foreign military observer who visited the Sungkiang front about 20 miles southward of Shanghai last week reported the situation extremely quiet with the rival armies several miles apart. There are, or were when these lines were written, some 5,000 Northern troops in the Sungking area, about 2,000 of which belonged to Gen. Chang Chung-chang, the Fengtien general, but it was reported that he was trying to get them out in order to defend his position on the Shanghai-Nanking Railway north of Shanghai. The Cantonese have continued to consolidate their position in Hangchow, the capital of Chekiang, following the usual propaganda methods in influencing the population in favor of the Nationalist cause. The Cantonese campaign against Gen. Chang Chung-chang seems to be conducted by three armies,one, a small force watching the Sungkiang front, another and larger army moving toward the Railway northward of Lake Taiho and still another force cooperating with Gen. Bei Bao-san in southern Anhwei in a drive directly on Nanking, Thus, unless the Southerners suffer some unexpected reverse, it appears that they will shortly be in possession of most of Kiangsu south of the Yangtsze.

Yunnan Not Yet Controlled by Canton

According to letters received in Shanghai form Yunnanfu, the capital of Yunnan Province, a small rebellion, or rather an ultimatum was delivered to General Tang Chi-yao, tupan of the Province, by three of his subordinate generals, the ultimatum concerning the dismissal of a number of Yunnan officials which had been appointed by Gen. Tang and most of whom were his relatives. Gen. Tang finally agreed to the demands and his cousin, Tang Chi-yu, was forced to hurriedly leave the province. Following this the government of the province was reorganized somewhat along the lines of the committee method which has been adopted in the provinces under the control of the Nationalist Government, However, it is understood, that none of the dissatisfied generals responsible for the ultimatum, are as yet in direct league with Canton. The Yunnanese are still very bitter against the Cantonese because of the slaugnter of about 10,000 Yunnanese soldiers in Canton in 1925 after they had laid down their arms and had been promised a safe return to Yunnan.

(Continued from page 51)

waters since the Spanish American War in 1900 when the Spanish fleet in Manila was destroyed by the American fleet under Admiral Dewey.

Prof. R. G. Wiggans, expert in plant breeding, connected with the New York State College of Agriculture at Cornell University, will arrive in Shanghai shortly on his way to Nanking where he will be connected with the College of Agriculture and Forestry of Nanking University. Mr. Wiggans is accompanied by his wife and two children.

The funeral of S. K. Tsao, who died on Feb. 22, was held on Sunday, March 6 in Shanghai. Mr. Tsao was for many years general secretary of the Chinese Y. M. C. A. in Shanghai. He was born in Soochow in 1873 and was the son of the Rev. T. Z. Tsao, who was for several years a resident of the United States and fought in the American civil war on the Southern side.

Some thirty members of the Chinese gentry, farmers and teachers representing ten different sections of Kiangsu Province attended the 'Farmer's Week' exercises at the College of Agriculture and Forestry of Nanking University from Feb. 7 to 12. There were lectures dealing with various phases of agricultural improvement conducted by members of the faculty of the College.

The *Imprint*, house organ of the Chinese-American Publication Company, Shanghai, for February and March, contains some of the winning essays on the subject, "How I Choose Books for My Library" which the Company held some time ago. There is also published a useful list of timely books on China. Miss Virginia Smith Cowper is editor of the publication.

Lansing Hoyt, head of the Yangtsze Rapid Transport Company, an American concern which operates ships on the Upper Yangtsze, has been officially thanked by the British Government for services rendered by Mr. Hoyt in connection with the release of two British cargo boats which were held by Gen. Yang Sen at Wanhwien, Szechuen Province following the Wanhsien incident.

The launch Meihung owned by the Standard Oil Company, which was seized by military officers affiliated with the Nationalist Army on February 17 was recovered by the American gunboat Pigeon, according to a report from Hankow on March 2. The Meihung, with two other Standard Oil craft and a Japanese lighter were seized near the town of Shasi in Hupeh province westward of Hankow.

The supplementary Army estimates to cover requirements to March 31 arising from the despatch of British troops to China amount to £950,000 according to a *Reuter* report from London on March 3. The Additional charges mostly relate to sea transport, pay of the reservists called up, maintenance of the troops sent from India to China and purchase of additional stores and accomodation at Shanghai and Hongkong.

Lo Wen-kan, who was appointed by the Peking Government as Commissioner of the Customs Administration in Peking at the time of the dismissal of Sir Francis Aglen, a short time ago, has resigned, according to a *Reuters* report from Peking on March 6. Mr. Lo will however retain the position of Minister of Justice in the Cabinet, according to the report. The previous Chinese commissioner was Admiral Tsai Ting-kan.

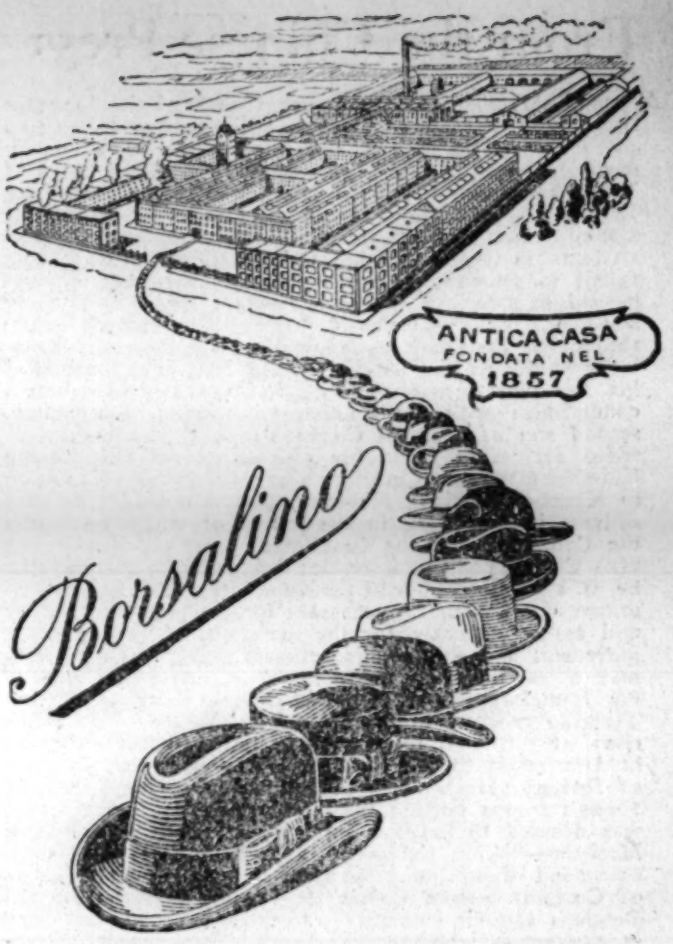
The *North-China Daily News* is engaged in the preparation of a special edition of the *Herald*, and weekly edition, which will contain a record of events in China and Shanghai since May 30, 1925, the purpose being to provide a record for foreign residents of Shanghai to mail abroad. It is understood that the publication has received the endorsement of the Constitutional Defense League and some of the foreign chambers of commerce.

According to a report appearing in the Chinese newspapers early in the week Francis Zia, editor of the *China Courier*, who was kidnapped by agents of Gen. Li Pao-chen in the International Settlement some time ago and who has been held a prisoner at the Lunghwa Yamen, has been released. The same report stated that Wong Hai-ling, head of the Shanghai Street Union who was also kidnapped at the same time, has likewise been released.

The old premises of the Kalee Hotel in Shanghai which have been closed for some time owing to the sale of the building to a Chinese bank, are to be reopened again as temporary hotel premises, according to announcement of the Hongkong and Shanghai Hotels, Ltd., last week, the action being taken on account of the shortage of hotel accommodations in Shanghai due to the presence here of military forces and refugees from interior China.

The 2nd Battallion of Coldstream Guards, famous English Regiment which was dispatched to China some time ago, was scheduled to arrive in Shanghai from Hongkong on Wednesday, March 9. The 2nd Battallion of the Suffolk Regiment, which has been stationed in Shanghai for some time is departing for Hongkong immediately following the arrival of the Coldstream Guards. The Coldstream Guards arrived on the Union Castle liner, Kinfauns Castle and the Suffolks departed on the Transport Vasna.

The Comparative condensed statement of the Asia Realty Company covering the year, 1926 which has just been issued shows assets amounting to $2,900,176.66 which includes real estate valued at $2,599,022.85; Loans, $180,098.63; Cash in Banks, $54,325.57 and Due from Debtors, $66,732.61. Under the heading of Liabilities are listed the following items: Capital, paid up, $848,240.69; Loans, $1,683,649.06; Sundry creditors, $27,593.44 and Reserves and Undivided Profits, $340,696.47, making a total of $2,900,179.66.



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From the Chinese Press

March 3—Members of the Lower House of the Japanese Diet invite Tai Tien-chiu, Nationalist representative, to a conference on the political situation in China—Two prominent Japanese Tetsuo Marsuyama and Genji Sano of Tokyo file action in Tokyo District Court against Wang Jung-pao, Chinese Minister for the sum of $40,000 yen, the money having been advanced for the support of Chinese students in Japan and the Chinese Government having failed to return the money—Peking Government has approved in principle of the agreement signed at Hankow between Britain and the Nationalist Government on the subject of the Hankow Concession—Sun Pao—chi, prominent politician has notified Liang Shih-yi at Tientsin of his intention to proceed to the South to assist in making a compromise with the Southerners—Chang Hsueh-ming, second son of Marshal Chang Tso-ling, accompanied by wife, arrives in Japan for visit—Reported that Chiang Kai-shek may remove military headquarters from Nanchang to Kiukiang—Chiang Kai-shek, Southern leader, delivers address in Nanchang in the course of which he attacks the Communists in the Kuomintang party and also George Hsu Chen, as being autocratic; Gen. Chiang declares that he is a loyal member of the Kuomintang Executive Committee and as such it is necessary for him to preserve order and assert authority for the success of the revolutionary movement and that if his action is wrong "my opponents may arrest and shoot me to death"—Chinese fleet consisting four largest men of war of Chinese Navy stationed at Tsingtao receives orders from Admiral-General Pi Shou-chen, at Shanghai to come to Shanghai— Peking Cabinet holds meeting to consider report Hsu Yuan, commissioner of foreign affairs at Shanghai regarding the activity of foreign troops outside the International Settlement and it was decided to lodge a further protest with the British Minister—Peking Cabinet decides to appoint Wang Shi-chung and Wang Chung-hui as chairman and vice-chairman of Customs Surtax Committee—Peking Government and Belgians appoint committees to examine certain questions in connection with the Sino-Belgian Treaty negotiations—Gen. Kow Yin-chieh, former tupan of Honan, now an adherant of Chang Tso-ling arrives in Tsinanfu and states that Chang has promised him support for an expedition into Honan—Gen. Han Lin-tsung announces that he has ordered the Fengtien troops to advance across the Yellow River in three days; portion of Gen. Chen Tsung's forces now advancing toward Shiwu but on other hand it is reported that Chin Yun-ao and Pang Ping-hsun of the Wu Pei-fu forces has moved to Hulaukwan and Mengchin in cooperation with Gen. Wang Wei-we—Fengtien Tupan, Chang Chung-chang has ordered his subordinate Gen. Pi Shou-chen at Shanghai to establish a Bureau of Investigation in Chapei, Shanghai—Chinese organizations in Shanghai are planning establishment of organization for careing for war refugees.

March 4—*Kuo Wen* Report states that British Concession at Hankow will be governed by a special committee or bureau, half the members of which will be Chinese and that the Chairman will be appointed by the Nationalist Government-Fighting reported in Honan between Wu Pei-fu's forces and Fengtien at Chungmou, Chuhsuantsung and Lanfeng—Reported that Gen. Yen Hsi-shan of Shansi will attempt to mediate between Wu Pei-fu and Chang Tso-ling—Special martial law established in Chengchow Honan with machine guns mounted on walls of city—Fengtien orders advance on Chengchow, headquarters of Wu Pei-fu in Honan; Chang Hsueh-liang orders cavalry brigade to Honan—Eastern Honan now filled with troops and serious fighting believed imminent—Japanese political parties, Kenseikai and Seiyuhosto form committee to investigate Japan's relations with China—Szechuen Generals Teng Hsi-hou and Tien Sung-yao announce they have joined the Cantonese—Communist section of Kuomintang at Hankow denounce Chiang Kai-shek as autocrat and enemy of Communists—Russian merchant ship Pamiout Leniena arrives at Nanking carrying Russian mercenary troops in Chinese uniforms; reported they have taken prisoner, Mrs. Boroden, wife of the Soviet adviser at Hankow—Admiral Tu Hsi-kwei of Naval forces at Shanghai announces resignation on grounds that he is responsible for firing on French Concession—Japanese dispatch two crusiers, Isuzu and Sendai to Shanghai carrying 500 marines—Li Shih-tseng, who claims to represent the Kuomintang in negotiation for agreement with Fengtien, states that 'would not be altogether impossible to reach compromise'—Sun Pao-chi, who was appointed Chinese ambassador to Russia has resigned and also resigned from the Foreign Affairs Committee on the grounds of his 'advanced age'—Chinese bankers in Tsinan has agreed to advance the sum of $1,000,000 to the Shantung Government in form of loan—Major General Honjo appointed Japanese Military Attache at Peking.

March 5—Peking Cabinet appoints Yung Pao-hui as secretary of committee to administer Customs surtaxes; Special Chinese committee of Customs Conference, Peking, holds meeting to discuss details regarding commodities mentioned in Sino-Japanese reciprocal commercial treaty—Yang Yu-ting, chief-of-staff of Fengtien decides to return to Peking from Mukden—Peking Foreign Office makes inquiry of Alfred Sze, Chinese Minister in Washington regarding report that Sze had handed to Porter, chairman of House Foreign Affairs Committee, a telegram from Eugene Chen of the Nationalist Government in which Chen had expressed approval of Porter Resolution to revise Sino-American Treaty—*Kuo Wen* report states that Peking Government will shortly start negotiations with British Minister on question of Tientsin Concession; the Chinese insisting that the terms for the future government of the Tientsin Concession should be similar to the terms agreed upon at Hankow; but it is reported that the British viewpoint maintains that since conditions at Tientsin are different the Tientsin settlement should be different—Reported that Fengtien advance into Honan will be by three routes: east wing toward Chungmou by way of Yungwu; west wing to advance toward Mengchin and central column to proceed to Yoongtsai along the Peking-Hankow Railway—Civil Governor Chen, appointed in Honan by Wu Pei-fu to replace Chang Yin-hua, practically unable to function on account of lack of funds, all money being commandeered by militarists—Passenger service on Peking Hankow Railway resumed between Hankow and Yencheng and freight service as far north as Hsinyang—*Toho* report states that crisis develops in Soochow when Cantonese capture Wukiang about 10 miles from Soochow and that Shantung troops are preparing for defense of Soochow while Gen. Pih Shou-chen, Fengtien commander rushes back to Soochow from Shanghai—*Toho* Agency reports that Chen Tiao-yuan, tupan of Anhwei is becoming ambiguous and that Gen. Chang Chung-chang ordered Chen's troops at Pengpu to be disarmed—Nationalist troops advancing in southern Anhwei have reached point opposite to Anking on Yangtsze and rumored that Nationalist forces will occupy Wuhu shortly—*Toho* reports that Kuangchi hospital belong to British mission at Hangchow has been closed by labor unions and that all British residents of Hangchow with the exception of the Customs staff have left Hangchow—*Toho* reports that Jardine steamer Chiwo collided with Chinese launch near Dungyang some 23 miles from Wuhu and that 80 members of crew and passengers are missing; also reported that among missing was one company of 3rd Mixed Brigade at Tatung.

March 6—Wellington Koo's Cabinet reported to be falling to pieces with resignations of Lo Wen-kan, Finance and Jang Ju-chen, education, both of whom were appointed by Wu Pei-fu and Sun Chuan-fang; no definite news about formation of new cabinet—Liang Shih-yi of Fengtien party delays return to Peking on account of pressing business of the Bank of China with which he is connected—Fengtien troops under Gen. Hu Yu-kung cross Yellow River—Proposed meeting of Central Executive Committee of Nationalist Government at Hankow for March 1 has been postponed to March 7 upon request of Gen. Chen Ming-chu and Hsia Ching who are at Nanchang with Gen. Chiang Kai-shek commander of Nationalist forces; Gen. Chiang Kai-shek wires Nationalist headquarters at Hankow that he will approve of proposals at the meeting which are recommended by Gen. Chen Ming-chu—O'Malley of British Legation departs from Hankow for Shanghai on his way to Peking to report to the Legation, holds final meeting with Eugene Chen to discuss settlement of Kiukiang status—Gen. Chang Chung-chang of Shantung appoints Gen. Chu Yu-puh, tupan of Chihli as commander in Chief of Anhwei police to prevent deflection of Anhwei Tupan, Chen Tiao-yuan, who is reported to have joined the South—Gen Kow Sze-tung ex-civil governor of Anhwei arrested in Tsinanfu upon orders of Gen. Chang Chung-chang on grounds that he was cooperating with Chen Tiao-yuan in the Anhwei revolt—Thousands of refugees reach Tsingtao from interior on account of unsettled polical situation—Chen Tiao-yuan circulates telegram denouncing Chang Tso-ling and Chang Chung-chang and announces allegiance to Chiang Kai-shek—Cantonese attacks launched on Shanghai-Nanking Railway at Soochow, Changchow and Nanking force rapid withdrawal of Shantung troops northward; Gen. Li Pao-chen, former subordinate defense commissioner of Sun Chuan-fang at Shanghai announces independence first, then declares himself to be commander of a division of Nationalists troops and seizes railroad stock to prevent evacuation of Chang Chung-chang's troops—Now believed Chang-Chung-chang forced to completely evacuate Kiangsu.

March 7—Peking Cabinet meets and decides to retain Admiral Tu Shih-kwei as Minister of Navy, but Lo Wen-kan,

New Books of Interest in the Far East

Putnam Weale Surveys the Background

The Vanished Empire. By B. L. Putnam Weale. Illustrated. 15s. London; Macmillan and Co.

How anyone could write such ponderous and bulky volumes as Mr Weale has done in recent years is more than we can understand. It must be that he finds romance in statistics and poetry in dry Chinese history. The present book, another addition to Mr Weale's conquests in the art of explaining the Chinese puzzle, is a comprehensive view of the background to present disorder in the Celestial Empire. The author discusses Chinese politics, ancient and modern, with as much familiarity as a Washington correspondent would of politics in the United States, and he is competent to write on China.

Personally we have had the pleasure of meeting Mr Weale—in a lonely place in Manchuria and we wish he would put into his books some of the delicious humor of which he is capable in conversation. But one cannot be a humorous historian. We note that Mr Weale has nineteen books to his credit in addition to the present one.

The Vanished Empire is divided into three sections. The first, "The Dominion of the Earth", treats of ancient China, when the Chinese really thought themselves masters of the world and demanded tribute from any "foreign devil" nations outside their borders. The second, "The Nemesis from the Sea", is an elaborate discussion of the beginning and progress of foreign influence in China. The last 150 pages, entitled "The Battle that Has No End", is a more or less monotonous and uninspired diary of recent events in China.

Mr Weale is the world's greatest human repository for facts about Chinese politics and history. He unquestionably has influenced China's foreign relations. His patience and devotion to Chinese antiquity have borne fruit in many volumes; and anyone who aspires to a knowledge of China cannot afford to ignore his work.

T. S.

"Sweet Perfumes" in China.

Lanters, Junks and Jade. By Samuel Morrill. G.$2.50 New York; Frederick A. Stokes Company.

It is difficult to classify this book. It contains thirty five short sketches, more or less disjointed. Its interest would be rather for those who know nothing of China than for those who have seen it. The publisher's announcement says; "This is the work of a man who deeply loves the soul of China and is a connoisseur of the treasures for which she is noted. The book is enriched with discussions of her jewels, prints, rugs, china and sculpture. It is sweet with her perfumes and drowsy with picturesque old legends of the kingdom of flowers."

The only "sweet perfumes" we have smelt in China are those that came out of a perfume bottle. Nor have we found any picturesqueness in the drowsiness peculiar to Chinese legends.

For the most part there is very little inspired writing in Mr Morrill's book. But there is some unconscious humor. For instance we learn that the Empress Dowager was in the habit herself of killing off such of her officials as offended her—as if she simply reached out and snipped off their heads. We doubt that the Empress ever personally superintended the killing of anyone.

An example of the irrelevancy that creeps into the book is shown in the chapter called "Gates and Birds." Referring to a crokery shop at one of the Peking gates Mr Morrill says, "Luckily, there are no cows in Peking, so the proverbial cannot pass through this china shop; indeed, the rarity of cows in north China is so great that the inhabitants are but slowly becoming accustomed to milk when offered it as a rare delicacy by Europeans, but canned milk has already a small market and is becoming more and more widely appreciated. They tremble, however, at the sight or scent of cheese, which is one article of European food neither Chinese nor Japanese can endure."

Milk and cheese hardly seem to be in place in a discussion of gates and birds.

T. S.

Minister of Finance was not present and Peking Cabinet becomes quite wobbly—Liang Shih-yi, who was previously considered likely as next Premier, reported as having become undecided on question owing to general uncertainty of political situation—New developments expected in Peking upon return of Yang Yu-ting from Mukden—Militarists at Shanghai commandeer boats for troop movements, the *Kuo Wen* report stating that more than 'fifty boats containing pigs' being commandeered—Chinese Red Cross looking after refugees at Shanghai—Honan dispatch by *Kuo Wen* states that 'Red Spears' in Honan to the number of 20,000 have joined Gen. Chin Yun-ao against Fengtien and that in addition Generals Fei Tien-lung (flying heavenly dragon) brother of Gen. Fan Chung-hsiu, has also declared against Fengtien—Marshal Chang Tso-ling, commander of Ankuochun forces orders Generals Yu Chen, Jung Chen and Chang An-chen to attack Honan simultaneously—Chen Tiao-yuan, tupan of Anhwei definitely resigns post and Gen. Wang Pu, stationed at Wuhu reported to have withdrawn in order to avoid clash with Shantung troops—N. Y. K. steamer Ta Chi Maru fired upon near Wuhu; Nan Yang Maru also fired on and one Chinese passenger killed; Southern troops occupy Tatung in Anhwei—Gen. Tang Sun-tse returns to Hunan from Hankow—Reported that Gen. Chang Chung-chang now has 100,000 Chihli-Shantung troops at Nanking—Southern troops nearing Wuhu—*Toho* report from Peking states that British intends to take up the questions of the concessions, extra-territoriality and the Customs in connection with the Sino-British negotiations, but states that unfavorable attitude of Nationalists is proving embarassing to Britain.

March 8.—Gen. Chen Tiao-yuan, tupan of Anhwei goes over to Cantonese announcing that he has assumed command of the 37th Nationalist army and has embraced the 'Three Principles' of Dr. Sun Yat-sen; Gen. Wang Pu, civil governor of Anhwei also joins Nationalists and becomes commander of the 37th Nationalist Army; Nationalists take Wuhu on south bank of Yangtsze in Anhwei—Gen. Han Lin-chun, who was dispatched to Shansi to attempt to induce Gen. Yen Hsi-shan to join Chang Tso-ling, reports that instead of joining Marshal Chang, there are good prospects of Gen. Yen joining up with Chin Yun-ao and Chiang Kai-shek in a movement to cut off the Fengtien troops in Northern Honan; as a result of this situation Marshal Chang dispatches his son, Gen. Chang Hsueh-liang to Honan and also dispatches troops back to the Chahar and Suiyuan areas in order to prevent a sudden advance of Yen Hsi-shan toward Peking—Chinese Minister in Tokyo who was sued by two Japanese for non payment of a note for $40,000 advanced for the payment of expenses of Chinese students in Japan, declares that the money has been repaid—International Labor delegates and students from the Sun Yat-sen school in Moncow who have been in Canton start northward for Hankow overland by way of the southern branch of the Peking-Hankow Railway—Chang Chung-chang begins to fortify his position in Soochow, Kiangsu and dispatches troops of Sun Chuan-fang, formerly in Soochow to Wusih in an attempt to prevent the Cantonese from cutting the railway—*Kuo Wen* report from Hankow states that the British will dissolve their concession at Kiukiang and hand over to Chinese Nationalist Government for control, but that the Nationalists have handed over to the British the sum of $40,000 in payment for damages suffered by British residents in Kiukiang on account of looting—Nationalists appoint a committee composed of Tai Shiu-tsan, of Department of Justice; Zia Kwan-sung of Foreign department and Wu Shang-yin of Communications department to investigate the sinking of a Chinese cargo boat by a British steamer on the lower Yangtsze recently.

March 9—Toho report from Tokyo states that Japan's trade with China for February amounted to Yen 31,260,000 for exports and Yen 18,610,000 for imports, the excess of exports over imports being Yen 12,650,000—Diplomatic Corps gives farewell luncheon to Sir Francis Aglen, more than 100 attending—Gen. Yang Yi of 19th Division under Gen. Cheng Chien of Nationalist Army occupies wuhu—Mrs. Borodin, wife of the Soviet Adviser to the Nationalist Government, who was seized by Russian Mercenaries from a Russian steamer at Nanking, has been taken to Tsinan by the Shantung troops—Rumored that Cantonese toops in 'plain clothes' have entered Soochow, Chinkiang and other towns on the Shanghai Nanking-Railway for the purpose of cutting the railway—Japanese paper, *Hochi*, Tokyo says that since the Nationalist Government in China is receiving the support of the Chinese people, it is superior to the Peking Government—Tiau Tso-chien, former Chinese Minister to Mexico appointed to handle negotiations with British over Tientsin Concession, but nothing will be done until Mr. O'Malley returns to Peking from Hankow and Shanghai—Soviet Embassy lodges protest with Peking Government over kidnapping of Mrs. Borodin at Nanking and Koo wires Gen Chang-chang, ordering her release—Serious anti-British agitations break out at Chungking, demonstration participated in by 10,000; foreigners remain indoors and suffer no molestation—Chang Tso-ling again issues orders to Fengtien troops to take Changchow, Honan before March 10.

The Report on

EXTRATERRITORIALITY

Copies of the Report of the International Commission which investigated the Practice of Extraterritoriality in China may be obtained by addressing The China Weekly Review, enclosing the sum of $1,00 to cover cost and postage.

The Report contains four sections as follows:

Part I.—Present Practice of Extraterritoriality in China.

Part II.—Laws and Judicial System of China.

Part III.—Administration of Justice in China.

Part IV.—Recommendations.

In addition there is an appendix containing the Declaration of the President of China to reform the laws and administration of justice; a summary of clauses from the treaties containing the Extraterritorial provisions; a list of modern Chinese courts and prisons and a report of the Committee which toured North and Central China investigating conditions.

THE CHINA WEEKLY REVIEW

4, Avenue Edward VII

Shanghai.

American Gold Bond Quotations

Name of Security	Coupon Rate %	Date of Maturity	Sale Price Mar. 3th.	Sale Price Mar. 3th.	Approx. Yield to Maturity Mar. 3th.
Czecho-Slovak Govt. Sinking Fund Loan...	8	Oct. 1, 1952	108⅞	108¾	7.25
Cuban Domin. Sugar Co. 1st Lien S. F. Loan...	7½	Nov. 1, 1944	100	99½	7.55
Republic of Chile S. F. Loan	7	Nov 1, 1942	100⅜	100¾	6.90
Argentine Government Ser. "A".....	6	Sept. 1, 1957	99¼	99½	6.05
German Governments S. F. Loan.....	7	Oct. 1, 1949	108⅛	107½	6.35
Kingdom of Norway S. F. Loan.....	6	Aug. 15, 1943	102⅛	102¼	5.80
Deutsche Renten Bank 1st Lien Farm Loan	7	Sept. 15, 1950	103	103	6.75
Can. Pac. R. R. Co. Debenture Stock.....	4	Perpetual	84½	84	4.76
Belgian Government S. F. Loan.....	6	Jan. 1, 1955	96½	95⅝	6.35
Andes Copper Mining Co. Debentures.....	7	Jan. 1, 1943	107	108⅜	6.15
German General Electric Co. S.F. Loan....	7	Jan. 15, 1945	105¾	104⅞	6.45
Saxon Public Works Inc. 1st Mtge. Guaranteed S. F. Loan....	7	Feb. 1. 1945	103	103	6.70
Cuban Northern R. R. Co. 1st Mtge. Loan....	6	July 1, 1966	102½	103	5.80
Dodge Brothers Inc. Debentures	6	May 1, 1940	94¾	94	6.70
Republic of Haiti.....	6	Oct. 1, 1952	99½	100	6.00
Czecho Slovak Government Ext. S.F. Loan..	7½	Oct. 1, 1945	107¾	107	6 85
Kingdom of Italy, Ext. S. F. Loan.....	7	Dec. 1, 1951	95⅛	95	7.45

The National City Company, The National City Bank Building, No. 2A Kiukiang Road, Shanghai, China.

These quotations are subject to confirmation by the National City Company of New York.

Shanghai Exchange for Week Ending Wednesday, March 9, 1927

By Maitland, Fearon and Brand

Exchange:—Today's London Bar Silver quotations—26 1/16d. ready and 25 7/8d. forward, are respectively 1/8d. and 1/4d. below those ruling this day last week. The official T/T rate on London is 1/4d. lower at 2/5 3/4d. Speculative operations continue to dominate the market which for the greater part of the week has ruled easy: the news of an earthquake in Japan encouraged the local Gold dealers temporarily to come out as sellers of Gold currencies, but for the most part they seem more inclined to buy than sell and the market closes distinctly easy with the following rates available for Gold remittances, near delivery:—T/T on London 2/6d., New York 60 3/4, Yen 81 1/4.

Our stocks of silver are reported as follows:—

Sycee and Bar Silver.....Tls. 75,387,000 an increase of Tls. 1,270,000

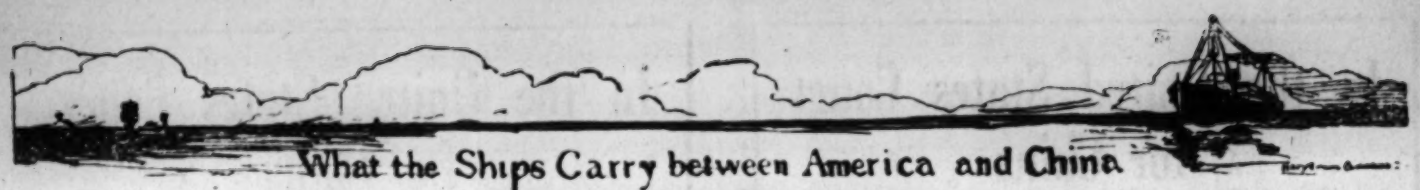
Chinese and Mexican Dollars.....$ 86,350,000 an increase of $ 270,000

Estimated value Tls. 137,559,000 as against Tls. 109,611,000 held at this time last year.

	Average rates for Feb.	Thursday Mar. 3	Friday Mar. 4	Saturday Mar. 5	Monday Mar. 7	Tues. Mar. 8	Wed. Mar. 9
Bank's selling rates	*	*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*
T/T London	2/6.895	2/6½ 2/6	2/5 5/8	2/5 5/8	2/5 3/4	2/5 3/4	2/5 3/4
D/Dfts ,,	—	2/6 5/16	2/5 13/16	2/5 13/16	2/5 13/16	2/5 13/16	2/5 13/16
4 m/s ,,	—	2/6 1/16 2/6 1/8	2/6	2/6	2/6	2/6	2/6
T/T India	171 553	168¼ 167	165 1/2	165 1/2	165 1/2	165 1/2	165 1/2
T/T France	1.591.842	1565 1550	1540	1540	1540	1540	1540
T/T N. Y.	62.539	61½ 60 3/4	60 1/4	60 1/4	60 1/4	60 1/4	60 1/4
T/T Hamburg					253 1/2	253 1/2	253 1/2
T/T H'kong	79.737	80 1/2 80 1/2	80 1/4	80 1/4	80 1/4	80 1/4	80 1/4
T/T Japan	78.316	80 80 1/4	81 1/8	81 1/8	81 1/8	81 1/8	81 1/8
T/T Batavia	155.263	152 1/4 150 3/4	149 3/4	149 3/4	149 3/4	149 3/4	149 3/4
T/T Straits	90.118	92 92 1/4	93 1/8	93 1/8	93 1/8	93 1/8	93 1/8
Bk's buying rates 4 m/s B/L. Cred. D/A	2/8.895	2/8 1/4 2/8	2/7 3/4	2/7 3/4	2/7 3/4	2/7 3/4	2/7 3/4
4 m/s ,, D/P	—	2/8 3/8 2/8 1/8	2/7 7/8	2/7 7/8	2/7 7/8	2/7 7/8	2/7 7/8
6 m/s ,, B/L Cred D/A	2/9.168	2/8 9/16 2/8 5/16	2/8 1/16	2/8 1/16	2/8 1/16	2/8 1/16	2/8 1/16
4 m/s B/F Cred D/A or D/P	1.721.842	1695 1680	1670	1670	1670	1670	1670
4 m/s N.Y.Lc.	66.039	64 3/4 64 1/4	63 3/8	63 3/8	63 3/8	63 3/8	63 3/8
4 m/s ,, Docs	—	65 1/4 64 3/4	64 1/4	64 1/4	64 1/4	64 1/4	64 1/4

†Based on Daily Official quotation, higher rate taken on rising Market, lower when falling Bullion.	Mar. 3	Mar. 4	Mar. 5	Mar. 7	Mar. 8	Mar. 9
*London Price of Bar Silver per oz. (English Standard 925 touch)...Pence	26 1/16	25 11/16	25 3/4	26	25 7/8	26 1/16
**New York Price of Bar Silver per oz. (Pure)	G. $. 61 1/8	G. $. 55 1/2	G. $. 55 5/8	G. $. 56 1/8	G. $. 55 3/4	G. $. 55 7/8
Shanghai Price of Gold Bars (weight Tls. 10 (Chanping) 978 touch).....	Tls. 396⁴	391⁶⁰	389²⁰	391⁵⁰	387⁹⁰	392⁴⁰
Shanghai Silver Bars (weight Tls. 100(C.)999 touch)	Tls. 111⁰⁰	111⁰⁰	111⁰⁰	111⁰⁰	111⁰⁰	111⁰⁰
Shanghai Mexican Dollars per $100....	Tls. 72.4875	72.45	72.45	72.375	72.3	72.2375
Native Bank Rate of Interest (Call money).....	Nil	Nil	Nil	Nil	Nil	Nil
*Closing Price in London for Previous day						
**Closing Price in New York for previous day						

Bank of England rate of discount	5%	London Paris on	T/T 124.11
Bank of France rate of discount	5%	New York on London	T/T 485 1/4
London open Market of Dis. 3 m/s	4 3/8%	Bombay on London	T/T 1/5 29/32
,, 4 ,,	4 3/8%	Hongkong on London	T/T 1/11 3/4
,, 6 ,,	4 5/8%	Kobe on London	T/T 2/0 1/4



What the Ships Carry between America and China

Return of the Shanghai Customs

By Pls.—1 Picul or 133 1/3 pounds; Bls.—Bales; Pcs.—Pieces; Mills—thousands; Hk. Tls.—Haikwan Tls., Aug. Customs Rate Tls. 1.27 Gocqualld $1

EMPRESS OF CANADA,

January 28.

To Vancouver.

Antimony Regulus....	Pls.	168
Straw Braid	,,	15
Walnuts, Shelled.....	,,	598
Rugs	Pcs.	115

To Seattle.

Walnuts, Shelled	Pls.	289

To Prince Rupert.

Carpets	Pcs.	14

To Victoria.

Carpets	Pcs.	27

To Toronto.

Brassware	Pls.	7
Woodware	,,	7

To Montreal.

Tea, Black, Congou, Hankow.....	Pls.	54
Tea, Green: Gunpowder, Ningpo.	,,	262

To Huntingdon.

Silk, Raw, Steam Filature: White, Shanghai Bls. 185	Pls.	182.75

To Buffalo.

Silk Raw Steam Filature White, Shanghai Bls. 420	Pls.	414.92

To Scranton.

Silk, Raw, Steam Filature: White, Shanghai Bls. 10	Pls.	9.99

To Wilmington.

Skins, Goat, Untanned	Pls.	197

To Philadelphia.

Wool, Sheep	Pls.	87

To Shamokin.

Silk, Raw, Steam Filature: White, Shanghai Bls. 165	Pls.	164.83

To Luzerne.

Silk, Raw, Steam Filature: White, Shanghai Bls. 100	,,	99.19

To Hoboken.

Silk, Raw, Steam Filature: White Shanghai Bls. 120	Pls.	119.51
White, other Ports Bls 10	Pls.	9.93
Yellow, Hankow Pls. 15	Pls.	15.26
Silk, Raw, Re-reeled: White, other Ports Bls. 10.....	,,	10.00

To New York.

Silk, Raw, Steam Filature: White, Shanghai Bls. 10	,,	10.08
White, other Ports Bls. 10	,,	10.00
Yellow, Shanghai Bls. 20	,,	20.18
Yellow Hankow Bls. 13	,,	12.48
Silk, Raw Filature: Wild, other Ports Bls. 130	,,	130.63
Silk, Waste: Other Ports..Bls. 24	Pls.	79 00
Silk Waste Cocoon Strippings: Shanghai....Bls. 9	Pls.	24 90
Silk Piece Goods	,,	2.08
,, Pongees, Shantung	,,	23.11
Egg Albumen, Dried..	,,	84
Feathers, Goose	,,	50
Intestines, Pigs' Salted.	,,	52
Skins, Goat, Untanned	,,	256
Straw Braid	,,	14
Walnuts, Shelled	,,	309
Skins, Rabbit, Untanned	Pcs.	67,817
,, Lamb, Tanned..	,,	1,500
,, Wolf, Untanned.	,,	250
,, Leopard, Untanned	,,	150
Skin Crosses, Kid	,,	1,000
Carpets	,,	785

To Boston.

Silk Waste Cocoon Strippings: Shanghai....Bls. 15	Pls.	48.56
Walnuts, Shelled	,,	619

D'ARTAGNAN, January 28.

To New York.

Silk, Raw, Filature: Wild, other Ports Bls. 70.....	Pls.	71.24
Silk Pongees, Honan ..	,,	17.40

PRESIDENT TAFT,

January 29.

From U. S. A.

Lead, in Pigs	Pls.	2,521
Acid, Unclassed	,,	15
Barley, Pearl.....	,,	41
Canned Asparagus	,,	8
,, Fruits	,,	241
Cotton, Raw Bls 1,000	,,	3,649
Fish, Cod, Dried	,,	3
Fruits, Dried.....	,,	24
Glue, Cow	,,	84
Ink, Printing.....	,,	234
Leather, Calf	,,	6
,, Sole	,,	799
Milk, Evaporated.....	,,	1,014
,, Condensed	,,	90
Oranges, Fresh	,,	95
Packings, Unclassed...	,,	2
Paper, Wrapping	,,	39
Prunes, Dried.....	,,	23
Raisins	,,	947
Soda, Unclassed	,,	4
Oil, Lubricating, ...	Galls	1,526
Varnish	,,	213
Bedsteads	Pcs.	45
Lemons, Fresh	,,	83,100
Shoes	Pairs.	695
Cigarettes	Mille	76,350
Timber: Silver Bars ....Hk Tls.		857,026

CHINESE PRINCE, Jan. 31.

from U. S. A.

Muslins, White, 37 in. by 42 yd.	Pcs.	200
Cotton Flannel, White, 36 in. by 31 yd.....	,,	16
Bedsteads, Iron	,,	22
Clocks	,,	48
Motor-cars	,,	29
Motor-trucks	,,	4
Typewriters	,,	20
Cotton Crape, Dyed ...	Yds.	956
,, Voiles	,,	1,815
Cottons Yarn-dyed....	,,	616
Waterproof Cloth	,,	468
Aluminium Foil	Pls.	66
Iron Nails, Cut	,,	116
Iron, Galvanized: Tubes	,,	81
Wire Shorts.....	,,	489
Leadfoil and Tinfoil ...	,,	527
Tinfoil	,,	2
Tinned Plates, Plain ..	,,	3,033
,, ,, Old....	,,	372
Ammonia. Anhydrous .	,,	30
Tanning Extracts, Unclassed	,,	74
Flour, Corn	,,	105
Glucose	,,	135
Glue, Cow.....	,,	12
Gum, Arabic Grease ..	,,	23
Indigo Paste, Artificial, 20 per cent.....	,,	2,377
50 ,, ...	,,	277
Ink, Printing.....	,,	114
Leather, Sole	,,	86
Packings, Unclassed ..	,,	6
Paint, Composition ...	,,	15
Paints, Unclassed	,,	4
Paper, Bank-note.....	,,	17
,, Coated	,,	8·4
,, Writing.....	,,	81
,, Unclassed	,,	701
Pitch	,,	45
Soap, Powder.....	,,	8
Soda Ash.....	,,	49
Sulphur, Black	,,	963
Tobacco, Leaf	,,	11,702
Milk, Malted.....	Doz.	179
Cigarettes.....	Mille	68,000
Oil, Lubricating, Mineral	Galls.	9,018
Paint Enamel	,,	20
Paints, Unclassed	,,	1,680
Infants' Food.....	Hk Tls.	829
Dyes, Aniline Pkgs. 90	Hk Tls.	4,816
Machinery	,,	122,421

YAMASHIRO MARU,

January 31.
from U. S. A.

Tinned Plates, Plain...	Pls.	1,680

Weekly Cotton Market Report

By J. Spunt & Co.

China Cotton:—Our market during the week under review evinced a firmer aspect, in that price fluctuations, though nervous and irregular, moved in an upward direction, evolving at the close an advance of about Tls.2 00 per picul higher than that current in the previous period. The principal factors underlying the local situation were: (1) the continued firmness in Mid-Americans and Indians (2) the improved demand in the yarn market, and (3) the active covering of shorts in the local cotton Exchange.

From the foregoing conditions, we continue to see little or no inducement to take the bear side of the market at the moment, as we believe that no sooner the existent political unrest is modified and further improvement evolves in the yarn situation, more activity will be engendered in the local staple, which circumstances would indicate the wise policy of making purchases on declines. Meanwhile the market will continue to be governed by the movements in the foreign fibre, as well as by the operations of local professional speculators.

Yarn:—The yarn market has been quite firm during the past week with prices advanced from five to six taels from last week's level. New business for export has been booked some 25,000 bales in all counts and over 10,000 bales direct booking with the mills has been recorded. As to the future trend of the market, we believe that the yarn market will pressent a more appreciable outlook, owing to the interior marts being practically bare of stocks.

Liverpool:—

American-Middling	7.93
American-Middling last reported.....	7.84
Tone of the market, *Steady.*	

New York Market:—

Price of Mid-Amer.	14.65Spot.
	14.42Mar.
	14.61May.
	14.75July.
	14.89Oct.
	14.92Dec.

Tone of the market:—*Steady.*

Indian Market:—

Fully Good Bengal, March	274
Fine Oomra, March....	297
Fully Good Broach, A./M.	307

Tone of the market—*Firm.*

Shanghai Market:—

	Tls
Tungchow, spot ex wharf	31.50
Shanghai, Spot.....	30.75
M. Ginned Spot.....	31.00
Shensi, No. 1 Spot.....	31.50
Ningpo, Spot, Ex wharf.	30.40

Tone of the market—*Firm.*

In the United States Court for China

FRANCISCO GUTIERREZ SAENZ? Plaintiff,

vs

LILLIAN OLLIE GUTIERREZ SAENZ, Defendant.

Cause No. 2901
Civil No. 1189
SUMMONS
Filed at Shanghai, China, Clerk.

The President of the United States of America

To the United States Marshal for China and his Deputies—
GREETING:

You are hereby commanded to serve this Summons and a copy of the complaint in the above entitled action upon the defendant

LILLIAN OILLIE GUTIERREZ SAENZ

and to notify her to be and appear before this Court on or before the fortieth day after service hereof to file written answer on oath.

(SEAL) WITNESS the HONORABLE MILTON D. PURD)Judge of the United States Court for China, Shanghai, China. Feb. 17, 1927.

L. T. Kenake,
Asst. Clerk

Excerpt from Regulations, Section 8: On proof of due notice, judgment by default shall be procured against any defendant failing to appear and file his written answer as required.

In the United States Court for China

FRANCISCO GUTIERREZ SAENZ? Plaintiff,

vs.

LILLIAN OLLIE GUTIERREZ SAENZ, Defendant.

Cause No. 2901
Civil No. 1189
ORDER.
Filed, Shanghai, Feb. 17, 1927.

L. T. Kenake
Assistant Clerk.

ORDER:

The object of this suit is an action for divorce.

On motion of the complainant, it is this day of Feb. 17 1927, A. D., ordered that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the day of the last publication of this order; otherwise the cause will be proceeded with as in cause of default.

MILTON D. PURDY
Judge.

Dated at Shanghai, China,
February 17, 1927.

In the United States Court for China

EUGENIA D. HUNT, Plaintiff,

vs.

RALPH B. HUNT, Defendant.

Cause No. 2899
Civil No. 1187
SUMMONS
Filed at Shanghai, China, Clerk.

The President of the United States of America

To the United States Marshal for China and his Deputies—
GREETING:

You are hereby commanded to serve this Summons and a copy of the complaint in the above entitled action upon the defendant

RALPH B. HUNT

and to notify him to be and appear before this Court on or before the fortieth day after service hereof to file his written answer on oath.

(SEAL) WITNESS the HONORARLE MILTON D. PURDY, Judge of the United States Court for China, at Shanghai, Feb. 21, 1927.

L. T. Kenake,
Asst. Clerk

Excerpt from Regulations, Section 8: On proof of due notice, judgement by default shall be procured against any defendant failing to appear and file his written answer as required.

In the United States Court for China

EUGENIA D. HUNT, Complainant,

vs.

RALPH B. HUNT, Defendant.

Cause No. 2899
Civil No. 1189
ORDER.
Filed at Shanghai, China, this 21 day of February, 1927.

L. T. KENAKE,
Assistant Clerk.

ORDER.

The object of this suit is an action for divorce.

On motion of the complainant it is this 21st day of February, 1927 ordered that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays accruing after the day of the last publication of this order; otherwise the cause will be proceeded with as in case of default.

MILTON D. PURDY
Judge
United States Court for China.

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The Commercial Press, Ltd., Publishers

Both mildness and fullness!

Real delicacy of aroma but without loss of natural tobacco taste and character

"They satisfy and yet they're mild"—this is no mere catch-phrase; it's a taste-description of Chesterfield.

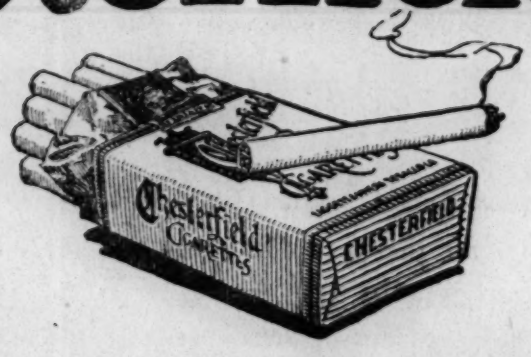
MILDNESS and fullness, the North and South poles of cigarette taste — can they be brought together in one cigarette? Seemingly no; practically yes, and with no compromise or loss of either.

It calls for the best in tobaccos; tobaccos of rare delicacy — the tender silky leaf of the costliest Turkish type; tobaccos of rich mellowness and "body"—the choicest of fine old Burley and other Domestic varieties.

But fine tobaccos alone are not enough. To achieve mildness with fullness, to preserve natural tobacco taste and character without a trace of heaviness, to produce a cigarette that satisfies and that, at the same time, is mild—here is a job that calls not only for the choicest tobaccos, but for the highest degree of skill in blending them.

And in the Chesterfield blend you have it—the exact balancing of one tobacco against another, the accurate toning and shading of each type of leaf, the rich mildness, the satisfying fullness, the rounded-out completeness which belong to Chesterfield and — because the blend can't be copied—to Chesterfield alone!

Chesterfield



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LIGGETT & MYERS TOBACCO CO.

中華郵政特准掛號認爲新聞紙類

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UNITED STATES STEEL PRODUCTS COMPANY

Sole Exporters of the Products of

Carnegie Steel Company
Illinois Steel Company
American Steel & Wire Company
American Sheet & Tin Plate Company
The Lorain Steel Company
American Bridge Company
National Tube Company
Tennessee Coal, Iron & Railroad Company
Minnesota Steel Company
Canadian Steel Corporation

BRANCH OFFICES and REPRESENTATIVES IN

Antwerp, Belgium
Brussels, Belgium
Buenos Aires, Argentine Republic
El Paso, Texas
Havana, Cuba
Honolulu, Hawaii
Lima, Peru
Los Angeles, California
London, England
Mexico City, Mexico
Montreal, Canada
New Glasgow, Canada
New Orleans, La.
Panama
Port Elizabeth, South Africa
Portland, Oregon
Rio de Janeiro, Brazil
Rome, Italy
San Francisco, California
Santiago, Chile
Sao Paulo, Brazil
Seattle, Washington
Shanghai, China
Soerabaya, Java
Sydney, New South Wales
The Hague, Holland
Tokyo, Japan
Toronto, Canada
Valparaiso, Chile
Vancouver, Canada
Winnipeg, Canada

WAREHOUSES AT

Antwerp, Belgium
Buenos Aires, Argentine Republic
Callao, Peru
Havana, Cuba
Port Elizabeth, South Africa
San Francisco, California
Santiago, Chile
Sao Paulo, Brazil
Talcahuano, Chile
Valparaiso, Chile

We give prompt attention to inquiries for all classes of our Steel Products, including the following:—

AERIAL TRAMWAYS—Reversible, specially designed
ALLOY STEEL
ALLOY STEEL SHEETS
AMMONIA CYLINDERS
ANGLES
ARMATURE SHEETS
AXLES—Locomotive, Railroad and Tramway Cars
BAMBOO STEEL
BARBED WIRE
BARS—Merchant and Concrete Reinforcement, plain, deformed and cold twisted
BILLETS
BLACK SHEETS
BLOOMS
BOILER TUBES—Lapwelded and Seamless
BOLTS AND NUTS
BRIDGES—Railway, Highway, specially designed
BUILDINGS—Steel Warehouses, Structural Steel for Buildings
CABLES—Steel Hoisting & Haulage Cables
CARS—Steam Railway, Mine and Industrial Railway Cars
CAR ANGLES
CAR WHEELS
CHANNELS
COLD ROLLED FLAT WIRE
COPPER RAIL BONDS
COPPER BEARING STEEL SHEETS
DERRICKS
DRILLING MACHINES
DRILLING RIGS FOR OIL WELLS
DUQUESNE RAIL JOINTS
ELECTRICAL SHEETS
ELECTRICAL WIRES AND CABLES, Bare and Insulated
FABRICATED STRUCTURAL MATERIAL FOR BRIDGES, TURNTABLES, STEEL BUILDINGS, ETC.
FENCING MATERIALS—Wire Fencing, Steel Posts
FORGINGS
FROGS AND SWITCHES—Steam and Electric Railways
HOOPS AND BANDS
MACHINE FORGINGS
MINE TIMBERS
NAILS—Wire
NAIL RODS
NAIL WIRE
PIG IRON
PILING—Steel Sheet
PIPE—Black and Galvanized Wrought for Steam, Gas and Water, American or English Threads, Lapwelded and Seamless Boiler Tubes, Matheson Lead Joint Pipe, Seamless Steel Tubing
PLATES—Boiler, Tank, Ship, Flange and Fire Box Steel
POLES—Steel Tubular
RAILS—Light and Heavy Rails for Railways, Tramways, Mine and Industrial Railways, Special Track Work
REINFORCEMENT FOR CONCRETE—Triangle Wire Mesh
RIVETS
ROPE—Wire for Mine Hoists, Derricks, Cranes, etc.
SCREW SPIKES
SCREW STOCK—Cold Drawn
SHAFTING
SHAPES—Standard Structural
SHEET BARS
SHEETS—"Apollo" Brand Galvanized Corrugated and Plain
SKELP
SLABS
SPIKES—Railway Track Spikes
SLEEPERS—Steel
SPRING STEEL
STEAM PIPE AND TUBES
STOVE PIPE SHEETS
SWITCHES AND SWITCH STANDS
TANK PLATES
TERNE PLATES
TIN MILL PRODUCTS
TIN PLATE—"Coke," "Charcoal" and "Terne"
TOOL STEEL
TOWERS—Steel
TRIANGLE MESH CONCRETE REINFORCEMENT
TUBES—Gas, Water, Steam and Boiler
TURNTABLES FOR LIGHT AND HEAVY RAILWAY SERVICE
UPHOLSTERY SPRINGS
WASHERS
WEATHERPROOF INSULATED AND BARE COPPER WIRE AND CABLES
WHEELS—Solid Rolled Steel for Steam, Electric, Mine and Industrial Railways
WIRE PRODUCTS—Bright and Galvanized, Baling and Fencing and all Classes of Coated and Uncoated for Manufacturing Purposes

The Combined Actual Annual Ingot Production of our Manufacturing Companies for the year 1920 was in excess of 19,000,000 tons.

UNION BUILDING, 1 CANTON ROAD, SHANGHAI, CHINA

YUSEN BLDG., MARUNOUCHI

TOKYO, JAPAN